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Raise electricity prices, says IEA

France 'too dependent on N-energy'

By William Dawkins in Paris

FRANCE should reduce its dependence on nuclear energy and bring its low electricity prices more in line with production costs, the International Energy Agency (IEA) said yesterday in its first report on the country.

France's nuclear programme, the largest in western Europe, is highly efficient and has helped reduce the country's dependence on imported energy, says the IEA, an influential advisory and co-ordinating body which groups most members of the Organisation for Economic Co-operation and Development (OECD).

Since the 1973 oil price shock, France has halved its dependence on energy imports but still buys nearly all its oil from abroad, says the IEA in a report to mark France's entry to the organisation. France refused to join the IEA on its formation in 1974 because it feared this would diminish its energy policy independence, but changed its mind during the Gulf war, in view of the organisation's success in co-ordinating the west's oil stocks.

The IEA praises France's low carbon dioxide pollution, a side effect of its nuclear dependence. Emissions of carbon dioxide there have fallen by a quarter over the past 12 years to 1.9 tonnes per head, among

the lowest in the IEA.

Yet the organisation warns that France should now do more to diversify away from nuclear energy, which accounts for 75-80 per cent of electricity and 37 per cent of total energy use. "This is a concern from the point of view of the flexibility of the system," said Mrs. Helga Steeg, IEA executive director.

The report stresses that France should maintain and modernise its nuclear programme, but suggests it should consider supplementing this with more natural gas and clean coal technology. It also disapproves of exports of nuclear electricity, a significant source of income for Electricité de France, which Mrs. Steeg argued was "not a solid policy" for importing countries. Last year Britain was France's largest export customer, followed by Switzerland and Italy.

French electricity prices do not always reflect costs, especially in home central heating, adds the report. Improvement is needed here to encourage energy saving and to give a fairer chance to other kinds of energy. It does not question the usefulness of the monopolies held by France's state-owned electricity and gas utilities, but urges France to promote more competition in energy supply.

Russian reforms hit private sector

By John Lloyd in Moscow

THE pro-market reforms in Russia have vastly increased wages for workers and managers in the state-owned, heavy industrial sector - while pushing many private businesses under and cutting wages in the private sector.

In a further sign of the enrichment of managers who run the state enterprises, Russia's oil producers have earned an estimated \$3bn (£2.6bn) this year, none of which has been invested in the industry. The implication is that much of it has been diverted to enterprise or personal bank accounts.

Professor Yevgeny Yasin, the government's plenipotentiary for relations with the parliament and head of research at the Russian Union of Industrialists and Entrepreneurs, told an international economists' conference yesterday these processes, "happening as

they do on the eve of large-scale privatisation, are taking on a dangerous character".

Prof Yasin said the directors of big enterprises were pushing up product prices and wages in the expectation of being able fully to control the enterprises, in association with the workforce, once they are transformed into joint stock companies as the government intends later this year.

"This is especially true in those industries most requiring restructuring, where production is dropping - for example in ferrous metallurgy, where production has dropped by 50 per cent over the year."

At the same time, some 50 per cent of the co-operatives had gone bankrupt. While there are now other legal forms of private business, Prof Yasin said: "Certainly, the private sector has suffered while the state sector was able to get benefits from the government."

NEWS IN BRIEF

French inflation down to annual 3%

FRANCE'S monthly inflation rate eased to 0.1 per cent in June, down from 0.3 per cent in the previous month, according to provisional figures from the Insee state statistics body yesterday, William Dawkins writes from Paris.

The result, better than most forecasters were expecting, brings the annual rate to 3 per cent, a fraction below the rate at which inflation had stabilised since March.

The improvement is believed to be due to lower energy prices and a consistently low price rise for goods. Inflation in the services sector, by contrast, is rising slightly above the headline figure. This leaves French inflation at 1.3 percentage points below the rate in western Germany.

EC clears Air France move

The European Community's executive agency yesterday cleared a fresh infusion of capital into the French airline Air France, AP reports from Brussels.

The European Commission said it approved a FF1.25bn (£128bn) injection by Banque Nationale de Paris for a 3.8 per cent stake in the state-owned carrier. A second one of FF1.59bn by an international banking consortium was also authorised.

Media chiefs berate Moscow

Liberal Russian media chiefs accused the parliamentary leadership yesterday of trying to impose extensive controls that could pave the way for another hardline coup. Rector reports from Moscow. In an appeal to President Boris Yeltsin, they criticised two resolutions drafted by parliament's presidium, arguing that these would re-introduce television censorship and impose direct control over a leading liberal newspaper.

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French row over 'rule by judges' re-opens

William Dawkins on the latest clash between politicians and the judicial investigation system

A NEWSPAPER report that the Socialist president of the national assembly - constitutionally the third most important man in France - might be charged with political corruption has provoked the latest clash between France's politicians and its judicial investigation system.

The case has aroused alarm among all political parties, including the opposition, who fear that parts of the French magistracy may be running a political campaign.

The magistrate in charge of an inquiry into Socialist party finances, Mr Renaud Van Ruymbeke, refused to confirm or deny the report about assembly president Mr Henri Emmanuelli before taking a month's holiday to leave all involved to stew in impatient fury.

President François Mitterrand has kept to the defence of Mr Emmanuelli, a former Socialist party treasurer, and urged fast adoption of plans to reform criminal justice, to improve the rights of defendants and reduce the considerable powers of *juges d'instruction*, or examining magistrates.

France cannot be allowed to "fall under a government of judges", warns Mr Michel Vauzelle, justice minister. Magistrates' unions have replied that justice must be done, whoever stands to be charged.

The row is being seen as the latest blow to the Socialists' reputation, after the truckers' strike and a court

case over Aids-contaminated blood in the public transfusion service. It centres on a politically charged inquiry into alleged payments by construction companies into Socialist party coffers some time during Mr Emmanuelli's period as treasurer from July 1988 to January 1992.

The case attracted national attention in January when Mr Van Ruymbeke led a raid on Mr Emmanuelli's former office at party headquarters in search of documents relating to a link between the party and Urba, a construction company in Le Mans. He arrived, embarrassingly, on the same day as Mr Laurent Fabius moved in as the party's new first secretary, a coincidence which guaranteed television coverage for Mr Van Ruymbeke and fuelled suspicions that he might be politically motivated.

Mr Van Ruymbeke knows very well that the Urba case is a thorn in the Socialists' side. He took over the inquiry into possible payments by Urba to Socialist officials in western France after another examining magistrate, Mr Thierry Jean-Pierre, was asked by a tribunal in Le Mans to drop the case last year.

The political opposition was enraged at the time by what it saw as government interference in a case that could harm the Socialists and demanded the resignation of the then justice minister.

The judiciary, for its part, has felt that it has been the victim of political interference for years. Magistrates



Emmanuelli: leaked report

were deeply angered three years ago - to the extent of going on strike - when the government gave amnesty to many of the people responsible for the once widespread practice of resorting to corruption to raise cash for political parties.

The amnesty was designed to allow all involved to turn over a new leaf before the introduction of tough new rules on party financing. It did not cover those who enriched themselves rather than their parties, as a result of which more than two dozen businessmen are on trial over allegations relating to the 1988 presidential campaign.

Since the amnesty, the government has on the whole pursued its anti-cor-

ruption drive with determination, though it is not clear how deeply it was involved with the removal of Mr Jean-Pierre from the Urba inquiry. Mr Pierre Bérégovoy, the prime minister, is planning to table new laws against political corruption in the autumn. At the same time, he is pushing on with the penal code reforms, to clip the investigating magistrates' wings.

The wide powers of Mr Van Ruymbeke and his colleagues are an outstanding feature of the French criminal justice system. They make inquiries or can order the police to do so, question witnesses, decide alone whether to bring charges and whether the defendant should be held in custody. Often young and on moderate salaries, they take pride in staging elaborate investigations and claim to be ready to root out the truth at any cost.

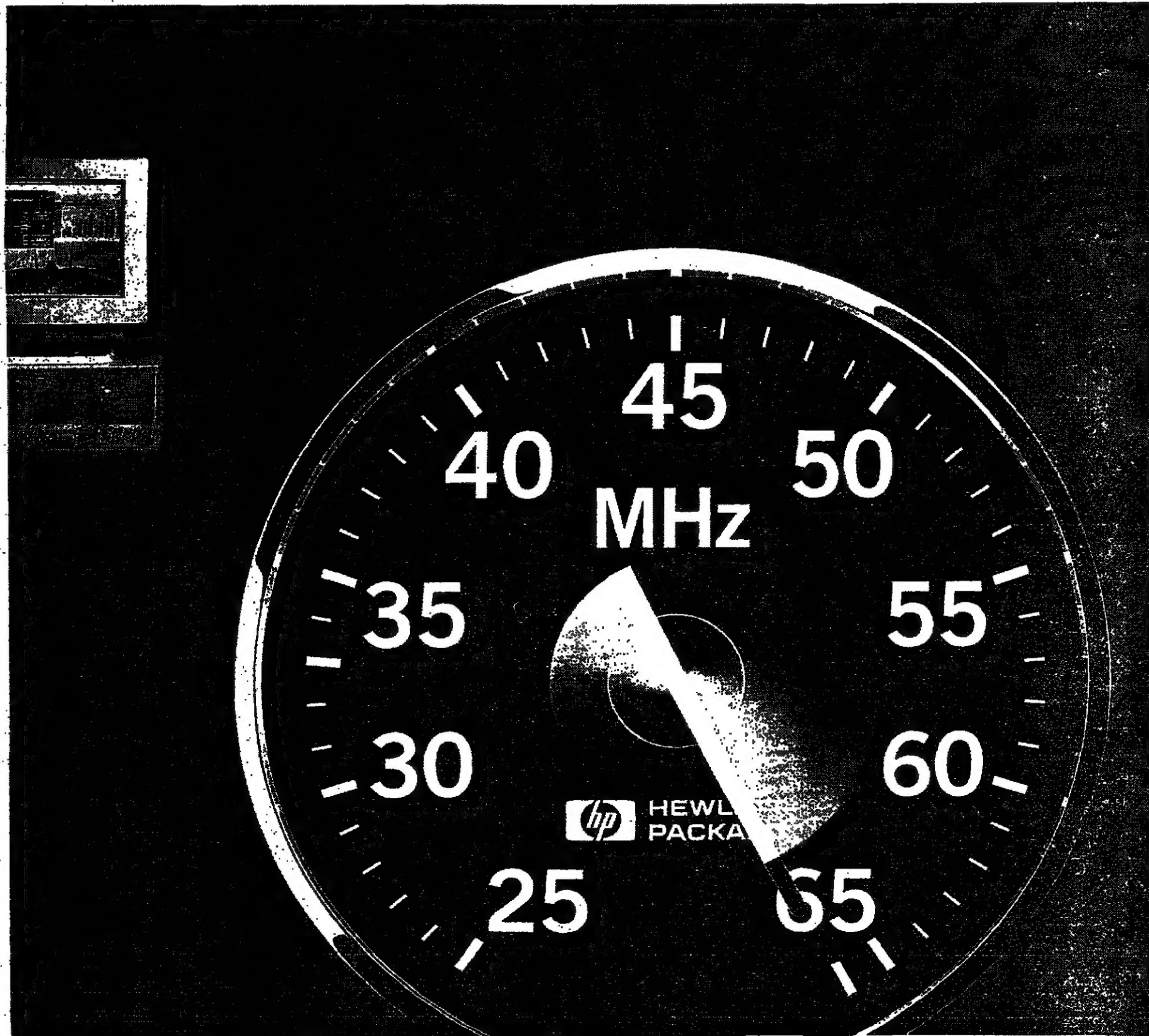
Mr Van Ruymbeke has even more power himself, because he is an adviser to the prosecuting court and as such does not have to account to the public prosecutor. This quietly spoken, 39-year-old, Rennes-based lawyer, who denies any political motivation, has taken on big targets throughout his professional life. One of his earliest cases was against a former Gaullist labour minister in the early 1970s, who committed suicide after Mr Van Ruymbeke examined his bank account in connection with an alleged bribe. (A subsequent inquiry cleared Mr Van Ruymbeke of any impropriety.)

The advantage of giving magistrates such wide powers is that they are in theory just as interested in proving innocence as guilt, unlike the police, who are understandably more prosecution-minded. The main control on French examining magistrates' powers is that their cases must be scrutinised by a higher court before going to trial. As a result, French higher courts have a greater conviction rate than in the UK, for instance.

However, the government believes that the controls on examining magistrates are inadequate in two senses. There is the often unfair damage a *juge d'instruction* can inflict on a person's reputation. It also believes that there are too many people held in French prisons awaiting trial or judgment - nearly 41 per cent of the total.

So the penal code reform, to be voted in parliament next autumn, would be to abandon the crude principle of charging defendants. Instead, there would be a two-step procedure: an examination followed by a summons. Defendants would have access to the magistrates' documents from the start. Examining magistrates would no longer be allowed to place their own defendants in custody. That decision would instead be made by a panel of three magistrates not involved in the case. In the meantime, Mr Van Ruymbeke and his colleagues can be expected to make the fullest possible use of their existing powers, however much this might irritate the government.

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NEWS: INTERNATIONAL

Business-union accord close in South Africa

By Michael Holman and Philip Gawth in Johannesburg

SOUTH African business and labour leaders are near agreement on a "charter for peace and economic reconstruction" which includes a call for elections for a transitional parliament within six months.

If successful, the Congress of South African Trade Unions (Cosatu), would agree to call off a general strike scheduled to begin on August 3. It was planned to last two or three days, followed during the rest of the week by activities designed to disrupt business life, including sit-ins and encouraging black taxi drivers to create traffic jams.

Instead, employers and unions would co-operate in organising public meetings calling for "peace, democracy and reconstruction". Normal economic activity would be suspended for the day.

Talks with Cosatu are being conducted by the South African Co-ordinating Committee on Labour (Sacla), which represents the country's biggest employers. Earlier this week a Sacla spokesman played down speculation that agreement was imminent, but negotiators said yesterday that a draft document being considered could be approved at the weekend.

The charter will be put to a convention of business leaders for endorsement before the end of July. It would signal the start of a more wide-ranging business involvement in national affairs, fuelled partly

by impatience and frustration over the government's performance in recent months.

Businessmen and business-backed institutions such as the Urban Foundation have contributed to housing and education programmes in the past. However, the charter could mark a remarkable new alliance between business and labour, based on a shared objective of a rapid transition to a democratic government.

The charter calls on employers to assist in the creation of community "peace committees", effective monitoring of the security forces, job creation programmes, drought relief, and technical training. The South African Defence Force said yesterday it was "investigating the background" of an SADF member who allegedly took part in a plot to kill Mr Dirk Coetzee, a former South African policeman living in London. Mr Coetzee says he was once in a police "death squad". The plot was "devised by British intelligence."

Responding to reports in London's Independent newspaper, a spokesman said two SADF members went to London in April to look into alleged Irish Republican Army-ANC links. "During the visit, one member, acting without the sanction or knowledge of the defence force or any other government authority, allegedly decided to arrange for the monitoring of Mr Dirk Coetzee, the former fugitive South African police captain."

Bombay exchange open after scandal

By R C Murthy in Bombay and Shiraz Sidhva in New Delhi

TRADERS yesterday resumed dealing on the Bombay stock exchange after a month-long absence as a result of the arrest of two top brokers and the attachment of their property in the Rs25bn (US\$500m) securities market scandal.

Share values fell, and the 30-share index was down 177 points to 2,912, with trading restricted to some 250 issues against the normal 1,500. The index was down 35 per cent from a peak of 4,487 on April 23. The brokers had sought freedom to trade in all shares, including those dealt by the disgraced brokers, Mr Harshad Mehta and Mr Bhupen Dalal. But the custodian appointed by the government said each lot traded by the two brokers had to be checked and approved for trading. Under a compromise, traders have agreed to deal provisionally in shares that do not attract attachment by the custodian.

Unit Trust of India, the main mutual fund, which has been objecting to taking delivery of shares brokered by Mr Mehta, was the main buyer yesterday. The exchange set daily limits on the amounts of shares each broker could sell.

Mr P V Narasimha Rao, the prime minister, said his government would never allow a repeat of the scandal in the northern town of Ayodhya so that Hindus could build a temple on the site. Mr Rao made his statement to parliament in a debate on an opposition no-confidence motion the government expects to win.



Chris Patten, Hong Kong's new governor, points out details on a visit to the airport site at Chek Lap Kok yesterday.

HK eases stance on airport negotiations

By Simon Holberton in Hong Kong

THE Hong Kong government has significantly softened its negotiating stance with China over plans to finance the colony's HK\$175.3bn (US\$1.95bn) airport and related projects.

The decision came on Tuesday at the first meeting of the colony's cabinet, chaired by Governor Chris Patten, and might indicate a more pragmatic attitude in dealing with Beijing.

At the same time, the government released details of Hong Kong's foreign reserves - hitherto a secret known only to a few officials and never revealed in detail to Beijing - a move seen to ease

China's concerns about the robustness of the colony's finances. It said Hong Kong's foreign reserves were US\$29bn at the end of 1991, 12th largest in the world. China's reserves are put at \$45.6bn. The government said knowledge of the figure would help leaders to its infrastructure programmes realistically to assess the colony's financial health.

Japan's corporate bankruptcies grow

By Steven Butler in Tokyo

JAPAN's mainstream manufacturing and service industries saw a sharp rise in bankruptcies during June in a reflection of the broad slowdown of the Japanese economy, the Teikoku Data Bank reported yesterday.

The total debt of bankrupt companies, at Y375.2bn (US\$6bn), was none the less the smallest figure this year, owing to the absence of large property-related collapses. The number of property-related bankruptcies fell from 104 a year ago to 88, registering the first year-on-year decline in nearly two years.

Property companies were first to be in distress last year when a period of high interest rates led to a sharp decline in asset prices. Last month's figures, however, show that corporate difficulties have now spread broadly through the economy.

The total number of corpo-

rate bankruptcies during June rose to 1,171, the highest in nearly seven years.

Bankruptcies in construction rose year-on-year by 33 per cent to 236 cases; in manufacturing by 36 per cent to 155; in wholesaling by 36.5 per cent to 254 cases. Similar increases were reported in retailing, transportation and communications, and in other service industries. Teikoku said that the high rate of bankruptcies was expected to continue in the months ahead.

Private sector machinery orders in May plunged by 23 per cent from a year ago, the Economic Planning Agency said, making it the seventh consecutive month of year-on-year declines. The agency said that orders from big users in the automobile, chemical and machinery industries have yet to show signs of recovery.

Public sector orders increased by 11 per cent, and are expected to accelerate later in the year.

Miyazawa works hard to rally faithful

By Robert Thomson in Tokyo

THERE was no doubt yesterday about the voting intention of the 77-year-old with the black string tie. "Of course I support Mr Nakasone. How could I not support him? I went to the same primary school as his father."

A little Japanese flag resting in his lap, the Liberal Democratic Party supporter had come to listen to Mr Ichiro Miyazawa, the prime minister, who reassured the local faithful that their man, Mr Hirofumi Nakasone, was worthy of a vote in elections on July 26.

The vote, for half the seats in the upper house of parliament, is seen as a test of voter confidence in the ruling party, which has been tainted by scandal, troubled by internal divisions and faced with opposition to legislation allowing military personnel to join overseas peacekeeping missions.

But for all the anguished debate this year over Japan's international role, the issues that yesterday most troubled the people of Gunma Prefecture, north of Tokyo, were

bridges, motorways and other public works projects of the pork-barrel variety.

As the well-meaning Mr Miyazawa gave a mostly elderly audience a rundown of his experience at the Group of Seven summit last week and of his concerns about Russian inflation and Cambodia, a few of the little Japanese flags slipped from freckled hands and eyes gently closed.

What stirs the locals was better understood by Mr Nakasone, 46, son of Yasuhiro Nakasone, the former prime minister, who began his speech with a polite reference to his respected father and gave a commitment to the eradication of traffic jams in Gunma.

The candidacy of Mr Nakasone is itself a sign of the small-town nature of Japanese politics. There are 13 sons of politicians competing for seats and the people of Gunma who have supported Yasuhiro are inclined to support Hirofumi in his campaign for re-election.

Japan's electoral system works against politicians who neglect the small town. Mr Nakasone is one of four candidates competing for two seats representing the Gunma district, and his main competition is coming from a local member of his own party, Mr Kosei Ueno. The two other candidates are from the Japan Communist Party and Rengo, the trade union party, and are also supported by the Social Democratic Party - and the middle-of-the-road Democratic Socialist Party.

LDP officials hope to retain both seats, but one may go to the Rengo representative, Mr Yoshiro Akane, vice-president of the Gunma Sailing Association. With that outcome in mind, the two LDP candidates are running separate campaigns with separate headquarters, forcing Mr Miyazawa to give two separate Gunma speeches.

Meanwhile, Mr Miyazawa will continue his course around the country over the next week, attempting to convince his polite if unmoved audiences that Russia really matters and that Cambodia does count, and remaining slightly irrelevant to the electoral process.



Miyazawa addressing an election meeting in Maebashi yesterday.

US warns Iraq of risk to ceasefire

THE US yesterday issued its sternest warning in months to Iraq, accusing it of jeopardising the Gulf war ceasefire by refusing to allow United Nations weapons inspectors to enter a Baghdad ministry building in search of documents, writes Mark Nicholson, Middle East Correspondent.

Washington's tough statement, which implies that continued Iraqi resistance to the UN might prompt a military response, came as Iraq itself sharpened its recent defiance of the UN by demanding the annulment of all resolutions adopted since Iraq's invasion of Kuwait in 1990.

In Washington, Mr Richard Boucher, a state department spokesman, said Iraq's refusal to allow a team of UN inspectors access to an agriculture ministry building "is putting at risk the ceasefire that concluded Operation Desert Storm".

Iraqi officials have denied the UN inspectors access to the building since July 5 and have couched the refusal in increasingly hostile terms.

Algeria jails Islamic leaders

AN Algerian court sentenced Islamic Salvation Front (FIS) leaders Abassi Madani and Ali Benhadj to 12 years in prison yesterday, Reuters reports from Algiers.

They were charged with conspiracy against the state, which carries the death penalty. Their party, now outlawed, was blamed for plunging Algeria into 13 months of violence and political turmoil.

Israelis raise campus tensions

Israel's new government yesterday became embroiled in an angry confrontation with Palestinians in the West Bank, underscoring the tensions that persist in the occupied territories despite talk of peace, Hugh Carney writes from Jerusalem.

Troops laid siege to about 3,000 students and staff at An-Najah University in the West Bank town of Nablus, insisting on searching people because they suspected armed activists were on the campus.

New Zealand's growth boost

The stream of positive economic indicators in New Zealand continued yesterday, with data showing the economy grew by 1.1 per cent in the March quarter, the third successive quarterly rise, Reuters reports from Wellington.

This followed news that inflation rose by only 1 per cent in the year to June, the lowest rate of all 24 countries in the OECD.

NEWS: WORLD TRADE

Gatt rules against US in cement dumping row

By Nancy Dunne in Washington and Damian Fraser in Mexico City

A GATT dispute panel has recommended the US return millions of dollars in anti-dumping duties that it wrongly imposed upon Mexican cement producers.

The still-unnounced ruling - under the anti-dumping code of the General Agreement on Tariffs and Trade (GATT) - comes as the US and Mexico, along with Canada, are in the final stages of negotiating a free trade agreement.

The cement case will be closely watched in Mexico and Canada for evidence that the US is prepared to abide by international rulings.

The decision by the GATT panel - if accepted by the US

- would mean a big victory for the Mexican cement companies, principally Cementos Mexicanos (Cemex), the largest Mexican cement exporter. The anti-dumping decision helped reduce Cemex's exports to 1.4m tonnes last year from 2.26m tonnes in 1990. Cemex redirected many of its exports to Asia at low margins.

The panel finding did not address the question of whether or not Mexican companies had "dumped" or sold at "less than fair value" cement and cement clinker, but it ruled that not enough US companies had come forward to support the complaint.

It was brought in the US as a regional injury case, supported by 61.7 per cent of the producers in parts of an 11-state region. The panel found that

"US authorities did not satisfy themselves prior to initiation that the petition was on behalf of producers of all or almost all of the production in the regional market."

Cemex had been, in 1989, the largest exporter of cement to the US, accounting for 28 per cent of the total. Under the terms of the anti-dumping suit, Mexican companies had to pay 58 per cent duties on their exports to the US.

Cemex was operating at 81 per cent of capacity at the end of 1991, mainly in meeting demand at home, so it may have only small scope to expand exports.

In the longer run, though, the decision should benefit Cemex, which plans to spend \$1bn to increase output by 35 per cent in three years.

Drop Nafta, Mulroney told

By Bernard Simon in Toronto

ONTARIO, which contributes 40 per cent of Canada's economic output, has joined calls on Mr Brian Mulroney, Canadian prime minister, to pull out of talks on a North American Free Trade Agreement (Nafta).

Mr Bob Rae, Ontario's social democrat premier, urged Ottawa to suspend its participation, in protest against "virtually unending trade harassment" by the US. British Columbia, which also has a

left-of-centre government, recently made a similar call.

But the Mulroney government has given no indication of bowing to growing pressure to withdraw from the Nafta talks with the US and Mexico. Mr Michael Wilson, international trade minister, is expected to join his US and Mexican counterparts on July 25 for the "final push" towards a Nafta pact. However, a US trade official said last night the talks could last until September before all disputed areas were resolved.

A Canadian official said yesterday that Ottawa's commitment to Nafta remained "rock-solid". He acknowledged that selling the accord to a sceptical public would be tough in the run-up to a general election next year, but said: "The bottom line is that we have no choice but to be there."

Opinion polls show most Canadians oppose Nafta and the existing free trade agreement with the US. They blame the latter for job losses and fear that Nafta will bring an exodus of jobs to Mexico.

Big three weigh in for HK container port

Simon Holberton looks at the contenders for Kwai Chung's four-berth dock contract

THE right to build Hong Kong's ninth container terminal is developing into one of the biggest commercial issues the Hong Kong government has to face this year.

This week, the three consortiums presented their proposals to the government. They expect to attempt to qualify as bidders for a four-berth dock costing an estimated HK\$100m (US\$12m) at the colony's Kwai Chung container port.

The debate centres on the perceived need for more competition in the port to hold down costs to shippers and the need to ensure that existing operators remain profitable enough to fund current and future expansion plans.

Underlying these arguments is the bidders' desire to increase control of a facility that has been growing by 20 per cent a year and does not look like slowing down.

The potential of the colony's port was underlined by plans announced by the Wharf group to build a major distribution hub in Wuhan, Hubei Province, central China.

In 1998 a dual-track railway will be completed, linking Beijing to Shenzhen. As the east-west transportation links in China are poor, a distribution centre linked to the railway has the potential to feed manufacturers and farm produce from the heartland of China to the south China coast.

The contest between the prospective bidders includes not only the big operators of the port - the Hutchison Whampoa subsidiary Hong Kong

Terminal development at Kwai Chung

Terminal	Year	Cost (HK\$)
MTL PTG	1970	HK\$31m
MTL PTG	1970	HK\$31m
MTL Private Tender	1970	HK\$14m
MTL Private Tender	1970	HK\$28m
Sea-Land Private Tender	1970	HK\$11m
HIT PTG	1970	HK\$15.6m
HIT PTG	1985	HK\$110m
HIT Tender	1985	HK\$4.4m
HIT/MTL PTG	1991	HK\$25m

International Terminals (HIT) and Modern Terminals Limited (MTL) - but also the Jardine Matheson group, and Evergreen, the Taiwanese shipping group.

The three consortiums are all strong. HIT and MTL have joined forces and, if successful, will rationalise their existing ownership of berths which they claim will lead to efficiencies and higher container throughput.

The Jardine consortium - known as the Tsing Yi Container Terminal Consortium - includes Jardine

Development, and three Japanese trading houses - Marubeni, C. Itoh and Nishio Iwai.

The current operators of the port, HIT, have been promoting themselves as the most efficient operator of Hong Kong's port facilities. They have also let it be known that failure to win Terminal 9 will diminish their interest in further planned container development - Terminals 10 and beyond on Lantau Island.

MTL and HIT have also threatened to invest in southern Chinese port development if they fail to win their bid for Terminal 9. Sea-Land, which already has container facilities at the southern Taiwanese port of Kaohsiung, has said its position in Hong Kong would be under question if its bid fails.

Calls for more competition have come from the Hongkong Liner Shipping Association and the Hong Kong Shippers Council, which represents exporters.

They believe a greater diversity of ownership of the port will lead to lower costs of moving cargo across the docks. In the aggressive public relations campaign, the Jardine consortium is trumpeting the efficiencies of Sea-Land, its operator.

Sea-Land with just one berth, or 5 per cent of the Kwai Chung port, directly handles 11.5 per cent of the TEU's (90 ft-equivalent) containers which pass through it.

Sea-Land also boasts a faster load/unload time than its competitors, shifting, on average, 22.5 TEUs an hour, compared with an average at the port of

18. It says that this is an important consideration when ship owners have to pay between \$25,000 and \$30,000 a day in port.

Moreover, the Jardine group has produced figures showing terminal handling charges, paid to shippers by importers and exporters, are higher at Kwai Chung than at any other port in the region.

But more than 80 per cent of Sea-Land's terminal business is conducted with ships owned by Sea-Land or in a Sea-Land consortium; they too pay a terminal handling charge in spite of the claimed efficiencies.

HIT/MTL, so far have rested on their record of investment in the port. HIT has spent HK\$21bn over the past 20 years and feels this "commitment" entitles it to a say in its future.

It denies claims of high charges, pointing out that HIT's charges have risen 3.5 times over the past 15 years, while the capital cost of berth construction has risen almost 15 times.

HIT also points out that any new operator will face higher costs than an existing one in constructing Terminal 9 and that these higher costs will feed through to higher handling charges. Existing operators have the advantage of being able to spread the cost over existing facilities.

It has also taken up the issue of competition. Efficiency is best served, HIT contends, not by increasing internal competition but by maintaining co-operation between operators.

MAZDA is Creating Harmony Between the Environmental and Technology Based on Innovation

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DEVELOPMENT OF BLOW-BY GAS CONTROL SYSTEM FOR CONVENTIONAL ENGINE (FIRST COMPANY IN THE AUTO INDUSTRY)

1966

BEGINNING OF RESEARCH AND DEVELOPMENT OF ELECTRIC CARS

1967

ESTABLISHED THE EXHAUST GAS RESEARCH CENTRE

1970

INSTALLATION OF WASTE WATER TREATMENT SYSTEM

1971

MAZDA JOINS THE NATIONAL RESEARCH AND DEVELOPMENT PROGRAM OF THE MINISTRY OF INTERNATIONAL TRADE AND INDUSTRY

1973

RX-8 IS THE FORERUNNER IN PASSING THE CLEAN AIR ACT STANDARDS



Mazda Environmental Action

1976

LUCE PASSES 1978 JAPANESE STANDARDS WITH EXHAUST GAS RECIRCULATION

1979

BEGINNING OF RESEARCH ON METHANOL CARS

1982

PRESENTS THE FAMILIA EV AND EV PROTOTYPES AT THE ELECTRIC AUTOMOBILE CARAVAN

1987

MAZDA BEGAN OPERATING THE ENERGY CENTER, THE FIRST CO-GENERATION SYSTEM EVER USED BY AN AUTOMOBILE MANUFACTURER IN JAPAN

1988

ELECTRIC VEHICLE DEVELOPED BY MAZDA WAS USED FOR LIVE-BROADCAST AT THE SEOUL OLYMPIC MARATHON

1990

CREATED THE ENVIRONMENTAL & SAFETY ENGINEERING DEPARTMENT

CREATED THE RECYCLING PROMOTION COMMITTEE

1991

REUSE OF PAPER BEGINS

HYDROGEN ROTARY ENGINE CAR PRESENTED AT THE TOKYO MOTOR SHOW

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NEWS: AMERICA

The Democratic convention approaches its climax

Clinton and Gore take centre stage

By Jurek Martin
in New York



DESCRIBING the experience as "amazing and humbling", Governor Bill Clinton of Arkansas prepared last night to accept the presidential nomination of the Democratic party.

The first two days of the convention which began in New York on Monday were, according to Mr Ron Brown, the Democratic national chairman, "all about defining the party". The next two were designed "to shift the definition" to Mr Clinton and Senator Al Gore, his running mate.

Mr Clinton's remarks were elicited on his morning run in Central Park. Otherwise he kept out of sight yesterday, working on the vitally important acceptance speech he will deliver tonight, and so did just about everybody else before the formal events of the evening culminate in the ball for the nomination.

Mr Jerry Brown, the former governor of California, also went into seclusion working on the remarks he will deliver when he proposes himself for the nomination. It remained an open question whether he would endorse Mr Clinton or not, but the Californian delegation, containing his most fervent supporters, gave a warm reception to Mr Gore yesterday morning, suggesting the heat had gone out of their dissent.

Ron Brown predicted that Jerry Brown would come round, if not necessarily tonight. Asked what would happen if the former governor exceeded his allotted 20-minute speaking time, he grinned and replied: "We have this podium that goes up and down."

He complimented the Rev Jesse Jackson for his endorsement of the Clinton-Gore ticket on Tuesday night. The civil rights leader, he said, was "a

constructive force" who had always supported Democratic presidential candidates and who would be essential for success in the November election. Mr Jackson had indeed referred to "President Bill Clinton", declaring: "The hopes of many depend on your quest, be comforted that you do not stand alone." But much of his relatively subdued speech was an invocation of the traditional liberal causes which he is known to feel have been given less than their due by Mr Clinton's determination to bring the party back towards the centre.

The party platform approved on Tuesday night was very much shaped in Mr Clinton's moderate image, with all minority recommendations voted down, though without rancour. Ron Brown described it yesterday as "common sense and pragmatic" and related to the problems of working people.

He drew attention to the party's commitment to fight Aids. The convention had heard two moving speeches from Aids sufferers, though both were delivered before live prime time television coverage began.

This coverage is much more sparse than in the past, reflecting commercial pressure on the networks and the decline in public interest in conventions. Senator Edward Kennedy of Massachusetts, the focus of so many previous conventions, was to speak last night long before the cameras rolled, but an exception was being made for Governor Mario Cuomo of New York, who was to make the nomination speech.

Though satisfied with the party's unity and Mr Clinton's rise in the polls, Ron Brown was not complacent yesterday. The great mistake of 1988, he said, was not to know what to do after the convention. "There will be no interruption in this campaign," he stated, pointing out that Mr Clinton and Mr Gore leave New York for a multi-state bus swing.

Carter calls for peace-making

MR Jimmy Carter, a defeated Democrat welcomed by his party, attacked his Republican successors late on Tuesday for fostering poverty at home and bloodshed in Latin America. He expressed doubts about the need to make war on President Saddam Hussein in Iraq last year, agencies report from New York.

"The world cries out for peaceful resolution of conflict," the former president told the Democratic party convention in New York, "but our country is seen as more warlike than peace-loving. Our country should seek greatness in peace, not war."

He portrayed the US government, since his tenure in 1977-81, as driven by expediency and impatience with negotiation, as well as being indifferent to poverty and cal-

lous toward the environment. "This has got to change," Mr Carter said. He did not mention ex-President Ronald Reagan by name, but his targets were clear.

Earlier, in an interview, the Democratic senior statesman said he believed Mr Ross Perot, the independent billionaire preparing a tilt at the presidency this year, would be a big factor in the election and could ensure the election of Governor Bill Clinton, the presumptive Democratic candidate, or throw the race to a decision by the House of Representatives.

Mr Carter said the Democratic party this year was "coming back to a more moderate position", similar to the one he had advocated. He said he would have a "limited role" in the campaign.

Wall Street contemplates change of guard

Business is paying more attention to Clinton, writes Michael Prowse

THE QUIET carpeted corridors of Wall Street's top brokerage houses seem a world away from the bustle and bunting of Madison Square Garden.

This election year, however, Wall Street executives are playing unusually close attention to events at the Democratic party convention. Many have a sinking feeling that Governor Bill Clinton could just win the presidency in November.

The reaction on Wall Street today to the Clinton/Gore ticket is absolutely clear, says Mr Donald Straszheim, chief economist at Merrill Lynch, the broker. "It is fear, hostility and apprehension."

He has just completed an analysis of the economics of presidential elections and the omens do not look good for President George Bush.

"The message is that the public votes its pocketbook," he says. Economic growth in the first three years of the Bush presidency has averaged a meagre 1.1 per cent a year, the worst record of any administration since the 1930s. Mr Bush's performance is far worse than that of either the second Eisenhower administration in the late 1950s or the Carter administration in the late 1970s, when growth averaged 2.5 per cent and 2.3 per cent respectively. Both incumbent parties lost the presidency.

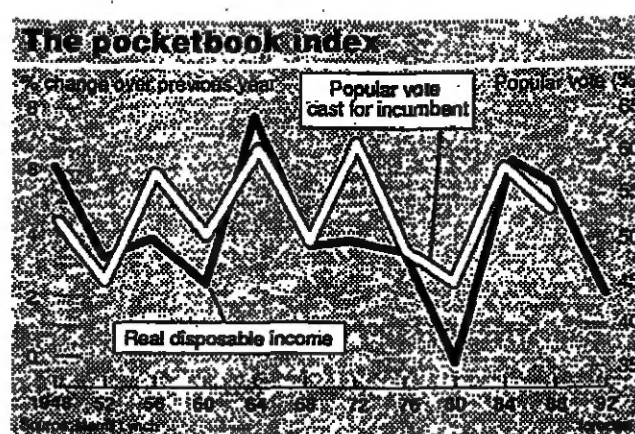
The figures on personal

incomes are even more depressing. Incumbent parties have invariably lost if the growth of real personal disposable income in the year preceding the election has dipped significantly below about 4 per cent, Mr Straszheim says. Under Mr Bush, the figure is likely to be just over 2 per cent, nowhere near good enough to guarantee re-election.

Earlier this year, most analysts in financial markets assumed Mr Bush would win a second victory in November. Mr Straszheim is far from alone in taking the possibility of a Clinton presidency seriously.

Mr Allen Sims, chief economist at The Boston Group, an economic consultancy, says: "My working assumption is that the Clinton/Gore ticket will win." He regards the weak economy as only one of several factors that could pull Bush down.

"The disenchantment with Washington" will count against Mr Bush as will the growing perception that the president is asleep at the wheel," he adds. In failing to respond to acute domestic problems, Mr Bush appears "almost as inept as President Carter in 1980".



Mr Clinton's shrewd selection of Senator Al Gore from Tennessee - another moderate southerner - as his running mate is also seen as significantly strengthening the Democratic ticket. On Wall Street, now largely a meritocracy, even committed Republicans feel uncomfortable defending Mr Dan Quayle, vice-president, who is widely regarded as lacking the qualifications for high office.

Mr Gore's intellect and energy, on the other hand, command grudging respect.

One leading Wall Street bond market commentator, who wishes to remain anonymous, is convinced Mr Clinton will win. But he says none of the above arguments is as impor-

tant as the Supreme Court's recent decision narrowly to uphold abortion rights. With polls indicating that a majority of Americans are "pro choice," he claims this was the perfect result for Mr Clinton.

It allows the Democrat to present himself as the only plausible bulwark against the one judicial appointment needed by Mr Bush to overturn Roe vs Wade, the 1973 decision that legalised abortion. At the convention, a succession of prominent female politicians led by Governor Ann Richards of Texas, has pushed abortion to the fore, aggressively declaring themselves pro-choice.

On Wall Street, predictions of a Ross Perot presidency were conspicuous by their

absence. Some analysts doubt the Texan entrepreneur will actually run. The consensus is that he will press ahead but, like all previous independent candidates this century, he is squeezed out by the two main political parties.

In a part of Manhattan where Republican voters overwhelmingly outnumber Democrats, many executives remain quietly confident that Mr Bush will successfully relaunch his campaign in Houston next month.

Mr David Reiser, chief economist at Nomura Securities and a self-styled libertarian, says Mr Bush is likely to get the most votes despite his poor economic performance. But he believes Mr Bush will win a clear victory on November 3, in which case the House of Representatives makes the final decision. "This would be the worst possible result for financial markets because it would create the maximum uncertainty."

Perhaps belatedly, Wall Street recognises that political judgments are now indispensable when making financial forecasts for 1993 and beyond. But analysts differ on the importance of politics.

Mr Paul Mastrolodi, a senior economist at J.P. Morgan, the New York bank, says a Clinton presidency would not alter the

economic outlook all that much. People underestimate the constraints the budget deficit imposes on politicians of any party, he argues.

Mr Leonard Santow, a founder of the Wall Street firm Griggs and Santow, disagrees. A Clinton presidency would make a big immediate difference because a Democratic Congress, co-operating with White House, could actually do something. "If Clinton wins, you would get a lot of early stimulative legislation; making up for 12 years of lost time." Growth next year would be 3 per cent compared with 1.3 per cent if Mr Bush were returned, he argues.

Financial markets are traditionally wary of Democrats. But faster growth under Mr Clinton would put upward pressure on US interest rates. In the short run at least, the dollar could thus strengthen if a Clinton victory appeared likely.

Wall Street is only beginning to think through the longer term implications of a possible changing of guard in Washington. Many analysts fear for their own pocketbooks because Mr Clinton has promised to raise taxes on the wealthy. But aspects of Mr Clinton's economic programme, which emphasises the need for investment in education, training and infrastructure, are viewed positively.

Black leaders come into their own

WHEN it comes to stirring the emotions, Mr Jesse Jackson is still unmatched within the Democratic party, writes George Graham in New York.

Although relegated to a less prominent speaking slot at this year's party convention, he did it again on Tuesday night, rousing his audience in Madison Square Garden with a powerful sermon on inequality and compassion.

But the convention has brought to the fore a different style of black leadership, with men and women who have chosen to take elected office. They include, in Congress, Representatives Bill Jefferson of Louisiana and Mike Espy of Mississippi; in the states, governor Douglas Wilder of Virginia; or, in the party, Mr Ron Brown, the Democrats' first black chairman.

Many of Mr Jackson's supporters were disappointed that he ducked the opportunity to follow the same path by running for mayor of Washington DC, choosing instead to take the more symbolic role of "shadow senator" lobbying for Washington to be allowed statehood.

Mr Brown served as convention manager for Mr Jackson's presidential campaign in 1988, but he moved on to become a senior political adviser to the Dukakis campaign. Since taking over as party chairman in 1989 he has worked to create a Democratic campaign apparatus ready to work for whoever emerged from this year's primaries as the party's presidential candidate.

A 50-year-old partner in the Washington law firm of Patton, Boggs and Blow, Mr Brown is a smooth-tongued and sharp-tailed operator behind the scenes.

In the last three years, however, he has taken a prominent role as the Democrats' spokes-



Convention colleagues: Congresswoman Nancy Pelosi and Reverend Jesse Jackson in jovial mood. A different style of black leadership has come to the fore

man, filling the void left by the low-key leadership of Congressional Democrats like Mr Tom Foley, speaker of the House of Representatives.

Governor Bill Clinton, in his campaign for the presidential nomination, has been perceived by some as skimming black votes by pointedly distancing himself from Mr Jackson. In fact, however, he has developed strong support from the new generation of black leaders such as Congressman Espy.

"I think the Clinton campaign has been very smart.

They have gone directly to indigenous leaders and elected officials," said Congressman John Lewis of Georgia, a legendary figure from the civil rights era who bridges both wings of the black community, and who has backed Mr Clinton in his home state of Georgia and in the south.

On Tuesday Mr Clinton won the endorsement of Mr Wilder, the country's first black governor since Reconstruction after the Civil War, who was briefly a candidate for the Democratic nomination.

The strategy is risky. "Don't

Mess With Jesse" is a cry that reverberates strongly, particularly with big-city black leaders like Congresswoman Maxine Waters of Los Angeles and Congressman Charles Rangel of New York.

But Mr Hillary Clinton's enthusiastic welcome by the Democratic national committee's black caucus suggests that her husband's bridges to the community have by no means been burned. "We will speak for you in November at the ballot box," said Dr C. Delores Tucker, the caucus chair.

Bush hoping to hook Baker as campaign guru

By Jurek Martin

PRESIDENT George Bush and the Republican party have mostly let Governor Bill Clinton and the Democrats hold centre stage this week, half in the hope that the opposition would revert in type and dismember itself.

That has not happened, which means that when the Democrats leave New York, attention will turn again to the incumbent and his team. Campaign watchers are eager to see what emerges from Mr Bush's two-day fishing trip, which began yesterday in Wyoming. At issue is what Mr Bush and Mr James Baker, secretary of state, catch in the rivers, but whether the president can lure his old friend back into a leading role in his stuttering campaign.

Four years ago, when the Democrats were nominating Mr Michael Dukakis in Atlanta, the two men also went fishing in Wyoming. Two weeks later Mr Baker resigned as Treasury secretary to run the Bush campaign and was considered instrumental in turning a double-digit deficit into a comfortable victory in November.

Mr Bush, according to the polls, is faring better than then, but the likelihood is that Mr Clinton will prove a tougher nut to crack than Mr Dukakis, while Mr Ross Perot is still muddying the conservative waters.

Moreover, it did not help Mr Bush that he was mildly booed when he attended an all-star baseball game in San Diego on Tuesday night. Undoubtedly more Americans were watching that game on television than they were the Democratic convention.

One option is for Mr Baker to be brought back as a combined campaign and domestic policy

supremo. This has been assiduously denied for weeks and it may be that he can exercise at least the campaign part of the role from his present perch at the State Department. But his greater involvement is desired by many in the party.

There is expectation of a dirty campaign to come.

The Republicans have disowned the activities of Mr Floyd Brown, now a renegade conservative activist but notorious for having been the producer of the scurrilous "Willie Horton" commercial four years ago which so damaged Mr Dukakis by playing on the fears of white Americans.

Mr Brown has been digging into Mr Clinton's private life and is trying, among other dirty tricks, to activate a telephone hotline featuring alleged taped conversations between Mr Clinton and Ms Gennifer Flowers, a one-time night club singer. On Tuesday the Bush campaign filed a formal complaint against Mr Brown with the Federal Election Commission and the president said in San Diego that "we will do whatever we can to see that he does not use my name for these nefarious purposes".

The tenor and timing of the re-election effort ultimately lies with Mr Bush. In one respect, the president has been consistent. He has always insisted the campaign proper will not begin until the Republican convention a month from now in Houston. Only then, he has argued, will the public mind concentrate on the alternatives.

It has, however, been an increasingly hard argument to sustain in the face of sagging poll ratings. The latest of these, reported in the New York Daily News last night, has Mr Clinton soaring ahead with 40 per cent of the vote, Mr Bush 31 per cent and Mr Perot 20 per cent.

Fujimori and military in awkward embrace

AN unprecedented "ceremony of institutional unity", held last week by Peru's army top brass, has raised the first serious doubts about the solidity of armed forces backing for President Alberto Fujimori's *de facto* regime.

The flamboyant event involved some 2,000 army officers from all over the country and seemed to have been intended to provoke similar demonstrations of unquestioning loyalty by navy, air force and police. So far these have failed to materialise.

On the surface, the parade and speechifying were a robust response to an interview given in Europe by Mr Mario Vargas Llosa, the internationally renowned Peruvian novelist who was defeated by Mr Fujimori in the last presidential election.

His suggestion that Latin America would be better off without its armed forces unleashed a hail of abuse from the Peruvian army's supreme commander, who accused him of "sickly anti-militarism" and of "being a Peruvian only by geographical accident".

Along the way, army support for Mr Fujimori's suspension of the constitution on April 5 was roundly reiterated.

Mr Vargas Llosa carries no political weight in Peru today so one must

look for the hidden agenda behind the attack. The show of unity, admit even sources close to Mr Fujimori, conceals a potentially damaging discontent in the ranks of Peru's ever-influential armed forces.

Their first gripe is about money. Many enthusiastic but ingenious officers expected immediate financial benefits from the money "saved" through the disbanding of Congress. But pay levels remain low - generals take home less than the equivalent of \$400 a month, even though Lima is now as expensive as New York - and unprecedented numbers of officers are leaving the services. Most US military assistance remains frozen because of congressional concern in Washington over human rights abuses.

Prospects for salary improvements are poor. Mr Carlos Boloña, economy minister, reiterated last week that any public-sector pay rises possible under his stringent fiscal management would follow established priorities - security forces first, then education and health workers.

The second concern, at least for the thinking and honest element among the military, is the lack of real progress against subversion and drug-trafficking. Mr Fujimori's double-edged justification for his dissolution of con-

Sally Bowen on the problems and politics of the Peruvian president

gress in April. "The recent avalanche of detentions makes it appear there is a counter-subversive strategy," said one high-ranking naval officer, "but that's not so. There isn't the political will for it."

Reports from Peru's coca-growing zones, meanwhile, indicate that sectors of the army and police are still involved in "protecting" drugs aircraft, collecting fees of between \$3,000 and \$5,000 per flight.

A further cause for military unease is the continuing - for many, malevolent - influence of a once-cashiered captain over the president. While Mr Fujimori insists that Mr Vladimiro Montesinos is simply his personal lawyer and one of a number of close advisers, top military and intelligence men attribute extensive powers to this shadowy figure they call "the phantom of the palace".

Recent wrangling over promotions, where the hand of Mr Montesinos is said to rule, has left an after-taste of bitterness and suspicion with many high-ranking officers. "We never get to talk directly with the president any more," complains one. "Montesinos just comes and gives us the latest news through a half-open door."

There are signs that, as Mr Fujimori draws closer to the military - he has virtually abandoned the government palace to live in the military Pentagon (little Pentagon) in Lima - support from the *de facto* regime's other two pillars is starting to be eroded.

One prominent entrepreneur, a regular member of the presidential entourage on a series of investment-seeking trips abroad last year, says: "President Fujimori is becoming more and more isolated from the real world. His increasing authoritarianism is very perturbing."

The reality, however, is that, with international funding and overseas investor interest in abeyance until a return to democracy has been engineered, support from the business community is of little immediate interest to a pragmatic president. "Peruvian businessmen have always prostituted themselves before who-

ever's in power," said one close presidential adviser. "For a while, they were the darlings - but not any more."

Support on the streets is, too, falling from its initial euphoric levels. A survey by the Lima-based Apoyo polling organisation in late June showed popular approval for Mr Fujimori at 50 per cent, down eight points in little over two weeks.

But the president continues his periodic tongue-lashing of the traditional parties and the media - tactics which usually push his ratings up a few points. News of the collapse of a series of financial institutions linked to the previous government has also been skilfully handled by the presidential psych-ops team to achieve maximum discredit for the opposition Apra party in particular and politicians in general.

Diplomatic observers continue to wring their hands at the degree of improvisation which pervades every level of government activity. Hardly a decree is passed, a tax level fixed or an election date finalised than it is retracted within hours. "The problem is," explains a useful presidential adviser, "that Mr Fujimori knows what he wants but he doesn't know how to get there."

Industrial output in US falls 0.3%

By Nancy Dunne
in Washington

US industrial production fell 0.3 per cent in June, the first decline in five months, the Federal Reserve reported yesterday.

Although most of the fall was attributed to a two-day rail strike which led to a drop in coal mining, other key sectors were also lagging.

The output of consumer goods fell 0.4 per cent with cuts in car and truck assemblies accounting for about half the total loss.

Production of appliances and furniture continued to improve - a sign of the boost given to housing with lower interest rates - but the output of many non-durables, including food and clothing, also declined.

The Industrial Production Index had been rising about 0.5 per cent for each of the preceding four months. Although analysts had been

expecting a June decline in industrial production, the fall underlined the frailty of the economy and bolstered fears that the recovery might stall or fall into a "triple-dip" recession.

Unemployment, now at 7.8 per cent, is unlikely to show much early improvement, with large numbers of projected layoffs being announced by the week.

Industrial capacity utilisation in June fell 0.4 percentage points to 78.5 per cent. Other reports have indicated similarly lacklustre economic performance, despite sharp reductions in interest rates. On Tuesday, the Commerce Department said retail sales went up just 0.5 per cent in June after a 0.4 per cent gain in May.

For the second quarter as a whole, production grew at an annual rate of 4.5 per cent, in contrast to the opening period when it shrank by 2.9 per cent.

NEWS: UK

Sea Containers bids to run rail franchise

By Richard Tomkins,
Transport Correspondent

SEA CONTAINERS, the Bermuda-based shipping group headed by Mr James Sherwood, yesterday revealed that it had put in a bid to operate a large proportion of British Rail's Network-SouthEast services as soon as they come up for privatisation.

Mr Sherwood has formally approached the government with proposals to take over all services on the network between London and the south coast towns of Weymouth, Portsmouth, Brighton and Eastbourne, including services from Gatwick Airport into central London.

If successful, Mr Sherwood would plan to introduce double-decker trains to the main routes so that larger numbers of commuters could be carried in more comfort than is now possible.

He is also considering the

idea of running "jam-buster" car shuttle trains that would whisk motorists and their vehicles through heavily congested south-east England and into central London.

Mr Sherwood's proposals go far beyond those of other companies that have so far expressed an interest in taking advantage of the government's rail privatisation proposals set out in a policy paper on Tuesday.

Companies such as Virgin Atlantic, the airline, and Stagecoach, the bus operator, have focused on the idea of operating a small number of trains on InterCity routes where BR will continue to be the main operator.

Mr Sherwood, however, aims to be one of the first companies to bid for a franchise to take over an entire tranche of BR services.

Sea Containers' claim to credibility as a train operator rests on its position as one of

Britain's larger transport companies.

Its operations include Wightlink, the Isle of Wight ferry operator; Hoverspeed, the cross-Channel hovercraft and catamaran service; and the Isle of Man Steam Packet Company.

As proprietor of the Venice Simplon-Orient-Express, which runs twice weekly between London and Folkestone, it is also the only existing private sector operator of regularly scheduled trains on BR tracks. Mr Sherwood's plan is to take on BR's rolling stock initially but gradually to replace it with his own. He would be looking for a 60-year franchise, terminable by the government at 10-year intervals.

Steepest fare increases would be necessary to make the services pay, Mr Sherwood said. Part of the deal would have to be an agreement by the government that commuter fares would be allowable against tax.

Government 'no longer at war' with trade unions

By David Goodhart,
Labour Editor

THE UK government is no longer at war with the trade union movement and believes that they can have a valid role, according to Mrs Gillian Shephard, the new secretary of state for employment.

Mrs Shephard told journalists yesterday that she was not interested in "talking to the unions in a hostile way". She added that the government's trade union bill, which introduces a number of further restrictions on the unions and is likely to go before parliament in October, was only a "drying up exercise".

"I don't see this as part of a war against the trade unions. There was a war in the 1980s but that is now over", she said.

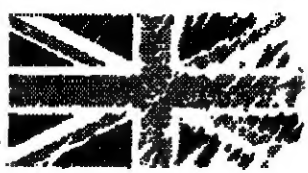
These comments are the first attempt by Mrs Shephard to distance herself from the more aggressive stance of her predecessor Mr Michael Howard, the new environment secretary.

She has tampered little with Mr Howard's trade union bill, which includes restrictions to strike action and to the automatic "check-off" of union dues by employers, but has added an element of her own which deliberately underlines her own priorities.

The new element is a move to "shake-up" the schools careers service by insisting that the service, currently run by local authorities, is put out to tender.

"We must free up the provision of careers advice," said Mrs Shephard.

Britain in brief



Bank to offer low-cost cash transfer

Tipa-Net, a low-cost method of transferring money between European countries, is being introduced by Co-operative Bank in the UK and other European co-operative banks.

The service comes in response to calls from Sir Leon Brittan, EC competition commissioner, and the European Commission for cheaper and easier methods of cross-border payment. It will cost £5 per transaction to have funds sent to France, Belgium, Germany, and Italy within four to seven working days. Canada is also included in the service which guarantees consumers that currency conversions will be made at reasonable rates.

Business customers will be able to transfer money through Tipa-Net at negotiated bulk rates well below the £5 charge.

Environment agency planned

The government is to press ahead with a "one-stop shop" for environmental protection, bringing together control of air, land and water pollution, Mr Michael Howard, environment secretary, said.

An independent Environment Agency was originally proposed by the government

last year, but the Queen's Speech two months ago - outlining the legislative programme after the general election - failed to mention it. Since then, the Rio Summit and the UK's accession to the presidency of the EC have given environmental matters a fresh prominence.

Parcelforce sell-off soon

Parcelforce, the loss-making parcel delivery arm of the Post Office, is to be privatised as soon as possible, said Mr Michael Heseltine, trade and industry secretary.

He emphasised there would continue to be a universal parcel service at a uniform and affordable tariff, indicating the tariff would remain a matter decided by the government.

Mr Heseltine indicated that financial support would be made available so that management and employees could put forward a bid. Other potential bidders could include rivals United Parcels Service, TNT and Securicor.

Parcelforce has the leading 34 per cent share of ordinary parcel deliveries but only 2 per cent of the premium "next day" market. Its turnover for 1991-92 was £508m and it sustained a loss of £24m.

Insurance claims rise

A rising tide of theft claims is costing insurers more than £3m a day, according to industry figures.

Both the cost and numbers of claims rose sharply in the first three months of this year, the Association of British Insurers' figures show. The ABI blames some of the

increase on the recession but says that consumers are increasingly likely to cheat on their insurance policies.

In the first quarter of 1992 the cost of theft claims increased to £300.7m, 44.2 per cent more than in the same period of 1991.

Lessons learnt from fraud trial

The Serious Fraud Office would not handle the year-long Blue Arrow fraud trial the same way again, the Court of Appeal heard yesterday.

Mr Nicholas Purnell QC, who brought the prosecution for the SFO, said his original estimate that the trial would last four to six months was genuine and sincere. The first lesson to be learnt was that pre-trial hearings had to be more rigorous than was the case in Blue Arrow, he said. However, there was no risk the convictions of four City advisers of conspiracy to defraud were unsafe or unsatisfactory, he continued.

Mr Jonathan Cohen, Mr David Reed, Mr Nicholas Wells, all former County NatWest executives and Mr Martin Gibbs, a former UBS Phillips & Drew director, are appealing against their convictions for conspiracy to defraud.

R&D sacrificed to dividends

UK businesses are diverting cash that should be spent on research and development into dividend payments for shareholders, according to the National Economic Development Office.

Comparing the UK with Germany, a book published by Nedo notes the main difference between the two is seen as smaller companies grow. "In the UK they typically seek a stock market quotation, in Germany they are funded by their banks", which are prepared "to forego dividends during periods of financial distress".

BCCI creditors' move fails

Creditors of the Bank of Credit and Commerce International failed in an attempt to submit evidence from the Luxembourg Monetary Institute which they argued would strengthen their attempt to reject the compensation plan negotiated between liquidators and the Abu Dhabi majority shareholders.

The Luxembourg evidence outlines a strongly worded objection to the liquidation plan from the LMI, which had regulatory responsibility over the Luxembourg-registered BCCI Holding and BCCI SA, one of the two main banking arms.



Irish ministers meet Unionists at Stormont

Irish ministers left the Stormont parliament buildings in Belfast yesterday after meeting Unionist politicians as talks on Ulster's future broke fresh ground. From left: Des O'Malley, industry minister; John Wilson, deputy prime minister; Padraig Flynn, justice minister and David Andrews, foreign affairs minister. Unionists have not met Irish ministers in Belfast since the troubles began and talks have never before included representatives of hardline and moderate Unionism. The talks, forming the second "strand" of a process which began in April, opened in London last week and continue today.

The symbolism of the meeting was increased by being so soon after the traditional celebrations at the weekend of the Protestant William of Orange's victory at the 1690 Battle of the Boyne over the Roman Catholic King James II.

Virgin in Heathrow row on slots

By Daniel Green

A ROW broke out yesterday between Virgin Atlantic Airways and London's Heathrow airport after Virgin cancelled the launch of its London to Johannesburg service blaming a lack of landing slots.

Mr Tim Walsden, chairman of the Heathrow scheduling committee, said that Virgin's claim that the route launch was cancelled "due to a lack of slots is wholly misleading and inaccurate."

Mr Richard Branson, Virgin chairman, said that although it had been given some slots, most of them meant that the aircraft would have to take off from Johannesburg "in the early hours of the morning." He added that there were no guarantees there were any slots at all after the winter season.

Cabin crew vote for strike on BA flights

By Catherine Milton,
Labour Staff

BRITISH Airways services in the UK and Europe face disruption as the height of the holiday season approaches after 2,600 cabin crew voted to strike over pay cuts.

At the same time, more than 200 staff, based at Manchester and Birmingham, presented the company with writs for breaches of contract to start a claim for damages.

The TGWU general workers' union said the strike action, which is likely to include a series of one day strikes, would cause disruption to the flight plans of thousands of travellers.

British Airways said it was not expecting any disruption to services: "A ballot does not necessarily mean a strike."

Union officials will meet on

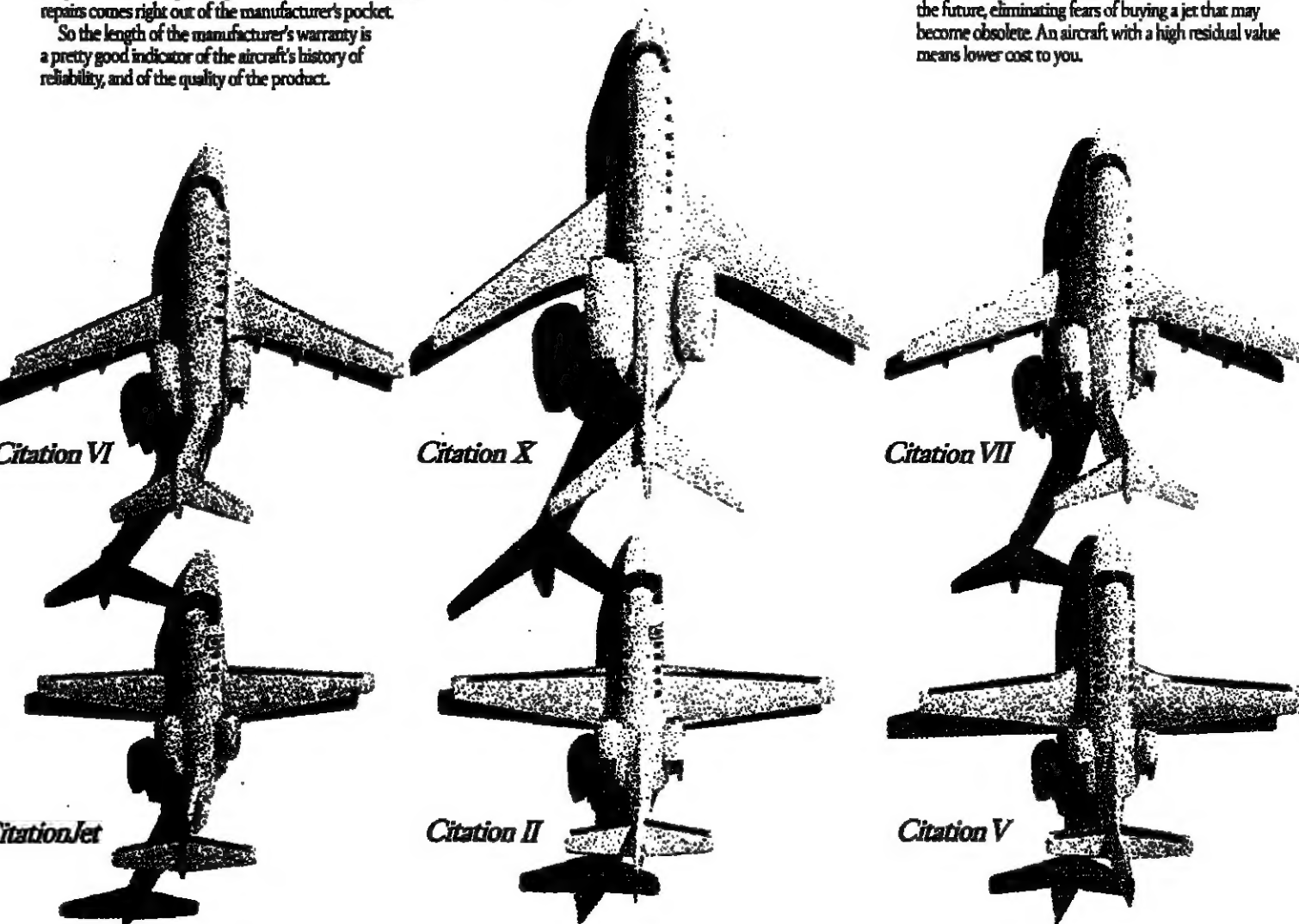
Friday to decide on the precise form and timing of the action. There are no plans for a meeting with management.

The dispute is over changes to terms and conditions which the TGWU says mean staff at Manchester, Birmingham and in Scotland face cuts of £2,000 a year on an average £16,000 salary.

Next year they would receive a pay rise only if inflation was above 4 per cent. They would also lose holiday pay supplements.

A strike vote last month was set aside by the High Court because the wording on the ballot paper was illegal.

A TGWU official said: "The ball is firmly in the company's court. It will be best for British Airways and the travelling public if management will now seek to settle this dispute without further confrontation."



10. Look at the models everybody else is buying.

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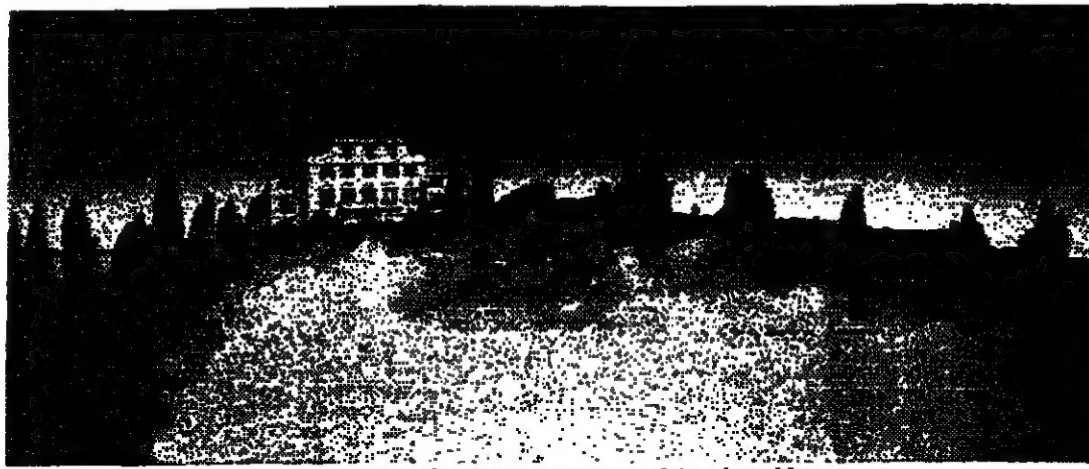
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MANAGEMENT: MARKETING AND ADVERTISING

Nestlé is abandoning conventional ads for a subtler approach. Guy de Jonquières reports

Pasta and promotional sources



The Buitoni family villa in Tuscany will be the central theme of its future brand image

In every recent recession, jeremiahs have warned that advertising spending would never regain the levels of the good old days - only to be proved wrong once economic recovery arrived.

But listening to Peter Brabeck, Nestlé's chief marketing strategist and head of its food products business - source of more than half the Swiss company's SFR50.5bn (£19.3bn) sales last year - you begin to wonder whether this time, the jeremiahs could be right.

Nestlé is one of the world's biggest advertising spenders, with a SFR2bn annual budget. Unlike many US competitors, it has refused to bow to recession by sacrificing long-term brand support in favour of "below the line" activities such as retail price promotions, intended to boost short-term sales.

Yet Brabeck is deeply sceptical about relying on mass-media advertising as the main method of influencing consumer behaviour. "For me it is very clear. Advertising is out, credible communication with the consumer is in. And these are two different things," he says.

In his view, Nestlé is increasingly threatened by isolation from the market, and its brands imprisoned in a "ghetto" from which advertising provides no escape. The only way to break out is by finding more effective ways of forging relationships with consumers and building brand loyalty.

Brabeck's gloomy diagnosis is based on three broad developments. The first is the growing concentration of the formerly fragmented food retailing trade into fewer, big-

ger supermarket chains, many of which actively promote their own "private label" products in competition with manufacturers' brands.

This trend, which is particularly pronounced in Europe, has increasingly placed control over the supply chain in the hands of the retailers and enabled them to dictate terms even to their biggest suppliers. "We have been blocked out from the consumer by the trade," says Brabeck.

Secondly, the growth of new media such as satellite television is splintering the mass audience, while consumers are also becoming more resistant to advertisers' messages.

"There is no mass consumer any more, and people today don't act just because someone tells them something," says Brabeck.

"They can look at advertising and say 'this is very interesting, I like it' or 'I don't like it', but they are mentally switched off. You can't establish a credible communi-

cation link with consumers, they won't act."

Third, food manufacturers have sent the wrong signals by basing their marketing and brand strategies too narrowly on product and process technologies, such as frozen foods.

"But people today do not think in terms of frozen foods, they think in terms of concepts like Lean Cuisine, Weight Watchers and Healthy Options," says Brabeck.

"Frozen food is not important to

them. Twenty years ago, it stood for technological advance, for freshness, for premium products. Today, at worst, it means something which is old and stale."

That is not to dismiss the importance of technology. As Nestlé points out, regular updating of the Nescafé formula has helped keep it the world's best-selling instant coffee and the company's most profitable product. However, consumers are not interested in how food is processed, but chiefly in taste, aroma, texture and convenience.

That message, Brabeck concedes, is only gradually being absorbed by Nestlé, where attitudes remain heavily influenced by the company's traditional preoccupation with product management and its faith in technology as a prime source of competitive advantage.

In such a large and decentralised company, change cannot simply be imposed from the centre. To speed things up, Brabeck plans to use Buitoni, the Italian pasta maker acquired by Nestlé in 1988, as a test-bed for marketing innovations.

Buitoni was chosen because it was unambiguously not a "technological" brand, he says.

Rather, the name of the game is creating instant heritage. At Brabeck's suggestion, Nestlé has

bought the Buitoni family villa in Tuscany, which will serve both as the Italian company's development centre and as the central theme of its future brand image.

Buitoni's packaging is being redesigned to carry a "seal of quality", featuring a painting of the villa. Once the villa is inaugurated in October, Nestlé will invite consumers to enter competitions, for which the prizes will be a week's cooking course there and a chance to participate in Buitoni's product development.

Brabeck is also creating a Buitoni "club" with its own magazine, which will carry features about Italian wine, food and holidays. "If I communicate with you about something you are interested in, my products become more part of a full package. The people I am really talking to are those who are interested in Italy," he says.

These efforts to build consumer loyalty will be buttressed with experiments with distribution channels, independent of the supermarket trade. Nestlé has already developed a prototype vending machine, designed to serve portions of hot pasta to consumers on the move.

Other innovations will include

selling Buitoni products at special shopping mall boutiques and street market stalls, and promoting the brand with travelling road shows which will stage performances, designed to appeal particularly to children.

Further ahead, advances in electronic point-of-sale technology may offer fresh opportunities to forge closer links with consumers. One would be a system which would enable purchasers of Nestlé products to earn "points" and qualify for special offers by punching electronic cards into terminals installed in shops.

Nestlé concedes that all these ideas face difficult hurdles. Setting up alternatives to supermarket distribution is a costly proposition, and even if it succeeded, the company would still require the supermarket's co-operation to achieve its ambitions.

"We want to make Buitoni a leading worldwide brand," says Brabeck. "The problem is that I don't think the trade is very interested in having a new brand created. If you look in a supermarket, you find that we are forced to concentrate more simply have no choice."

Nonetheless, he remains convinced that in the longer term, advertising spending should decline sharply in favour of increased emphasis on point-of-sale promotion and other forms of marketing support.

"Today, the advertising-promotion split at Buitoni is perhaps 80:20," he says. "For me, it should be 50:50."

Tea for C2s on an outing to the shopping mall

Consumers are happy to stop for a bite, so long as the theme is right. Chris Tighe explains

In Flips Diner, a 1950s pastiche in chrome and apple green with Chevrolet advertisements on the walls, a gaggle of teenage schoolgirls are drinking Coke and coffee.

Born in the late 1970s, they find the diner glamorous and its cosy booth seating ideal for discussing boys. "They all go to diners in the films," says 15-year-old Jenni Evans.

On the other side of Monument Mall, Newcastle upon Tyne's newest retail development, Will Gray and his wife are drinking coffee in the Choux Shop, sitting on dark wood chairs beneath a reproduction Victorian light fitting.

Tynesiders in their late 50s, they are reminiscing about Tilly's tea-rooms, an oak-panelled, now-defunct local institution.

"Tillys had more atmosphere but this is very nice," says Margaret Gray. Her husband agrees but frowns as they pass the Perfect Pizza bar and the Manchu Wok Chinese eatery, also on the Mall's top floor. "These don't appeal to me at all," he says.

Britain's 1980s boom in huge out-of-town shopping complexes and glitzy city centre malls has changed not only retailing but also the catering offered to footsore shoppers.

Old style queuing at long self-service counters, where strings of customers waiting only a cup of tea would wait inertly behind a family ordering fry-ups, has given way in many locations to food courts like Monument Mall's, offering different types of food and service in various themed units.

Assessing potential demand, designing the eating areas and operating them has become a speciality niche for Courtlands, which describes itself as the largest independent food court operator in England.

But the recession poses an acute marketing problem: how does a fast-growing company, operating

solely in post-1985 shopping developments and frankly describing itself as "parasitic on retailers", defend its market share and profit margins when retailing is in the doldrums?

For Courtlands, born six years ago at the inception of the Metro-Centre in Gateshead and now running more than 60 units in 13 city centres and out-of-town locations from Southampton to Newcastle, the key is demographic and market research: always important, it has become vital in a recession.

Mostly, says managing director Jonathan Gillespie, his clientele are the C1s and C2s - the lower middle and skilled working classes; they are the people who like to linger in malls and enjoy spending money, rewarding themselves with food and drink en route. They are receptive to the message: "Treat yourself."

As and Bs - the middle and upper middle classes - have more money but they are a difficult audience; educated, selective, not keen on spending and "semi-moralistic". They tend not to stay long in malls, he says, preferring to discover the cheapest prices and then go home to beat down their local shopkeeper, whom they then feel good about supporting.

However where As and Bs are a big enough catchment, his company slides upmarket. At Hedge End, a Southampton superstore development with Marks and Spencer and Sainsbury, Courtlands' sandwiches become filled baguettes and it sells espresso and cappuccino to weary husbands at a little Cafe Express unit: "a lifestyle concept", enthuses Gillespie.

Pensioners - category E - are a difficult market too; on coach trips to out-of-town shopping centres, they consume little. This is bad news for Gillespie, who sees his job description as increasing shareholder value.

In the current market, he says, malls are working at only 50 per cent effectiveness; he needs to attain 70 per cent or even 80 per cent.

An admirer of the Americans' grazing approach to food consumption, he wishes the British would eat meals at off-peak times; he is now working on a campaign to offer OAPs reduced price mid-afternoon fish and chips.

But mostly, although conscious of a £3 a head barrier among his customers, he shies away from price cutting; his units' pitch is quality of environment, food and service, not cheapness. Instead he is trying to maintain spend by offering extras as special promotions, like a baked potato plus strawberries and cream for £2.70p, or children's meals for 99p.



States on at Flips Diner

the child sprat catches the adult mackerel.

Name signs too are vital in the fight for market share. "The more obvious you make the name over the door, the easier it is for people to make purchasing decisions," says Gillespie. And decor matters: he believes people are becoming socially lazy, wanting to be entertained by their surroundings.

He is also experimenting with seating: empty expanses deter potential customers and may unnerve those who do consume, undermining attempts to build brand loyalty.

Monument Mall is the first Courtlands food court where all seating is unit specific.

Compared with traditional cafeterias, Courtlands' range of food looks wide; but coffee, cakes and sandwiches are still the big sellers. Innovation can be risky; one customer who ordered an espresso complained, loudly, that it had come in a small cup without milk. "Sometimes," sighs Gillespie, "you're 30 things ahead of their aspirations."

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Invitation to Bid

The Hungarian Telecommunications Co. Ltd. (hereinafter referred to as HTC) has received a loan from the European Bank for Reconstruction and Development (EBRD) towards the costs of constructing a new telephone exchange building complex in District VII of Budapest. The gross floor area of the completed building will be 10,813 square meters, comprising two basement floors and five upper floors and it is anticipated that the contract period will be for 18 months commencing in December 1992.

HTC now invites sealed bids from qualified bidders for the detailed design, construction, fitting-out, furnishing and commissioning of the said building complex. The contract will not include the installation and commissioning of the telephone exchange which will be let under a separate contract.

As part of their tender, contractors will have to be able to demonstrate compliance with the following minimum criteria, inter alia:

- A proven track record in Hungary, or in one of the other emerging democracies of Eastern Europe, including recent projects of a similar size and complexity either completed or under construction.
- A sound corporate financial record over the last three financial years. Companies with an annual turnover of less than USD 50 million will not be considered.
- A project management team, the key members of which will have proven experience in similar projects carried out under similar conditions in similar environment.
- A logical and well thought out approach to how the project will be managed within the time, cost and quality requirements of HTC.

This invitation for bids is open to contractors from all countries. Consortium bids, particularly those involving Hungarian and Foreign contractors, will be welcomed although the structure and modus operandi of the consortium will have to be clearly and logically presented.

A complete set of tender documents may be purchased upon confirmation of payment of a non-refundable fee of ECU 200 (or of the equal amount in any other freely convertible currency). Hungarian companies may purchase the tender documents for HUF 20,000. Remittances are to be made to account # 215-12087 of HTC kept with the Hungarian Credit Bank Ltd. (MHB) with the following remark indicated:

"Erzsébet Exchange - Telecom Building Construction # TB-101/KA"

Cash payment is accepted into the above stipulated account only in the following branch office of MHB:

Magyar Hitel Bank Rt.
H-1133 Budapest, Pozsonyi u. 77-79 - Hungary

No other forms of payment is acceptable. Only those who have purchased the tender document may submit bids. Bidders may obtain the tender documents (upon presentation of the receipt for the payment of the above fee) and may get further information only after 3rd August, 1992 from:

Hungarian Telecommunications Co. Ltd.
Tender Bureau
Mr. Attila Kovács
H-1122 Budapest, Krisztina krt. 55., Room #308
Hungary

Tel: +36-1-155-5198 Fax: +36-1-155-0446

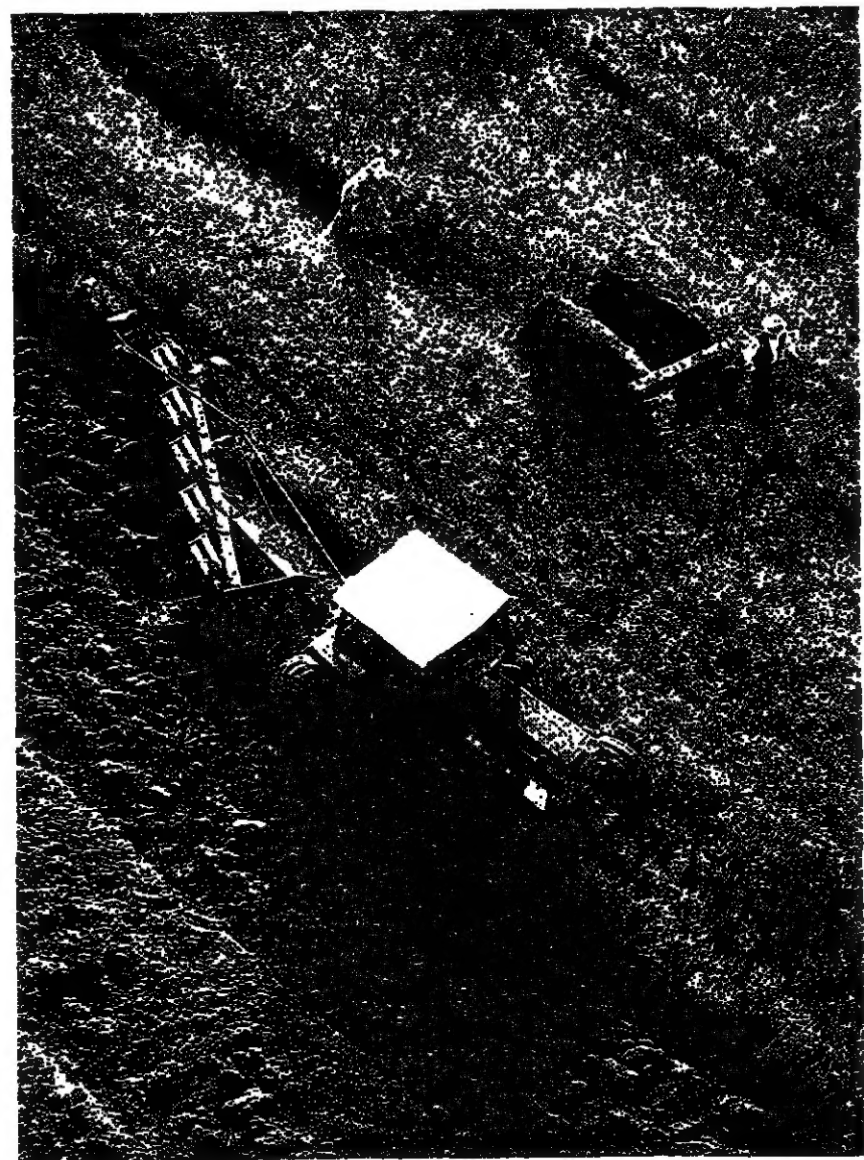
HTC will organise a pre-bid conference for those who have purchased the tender documents. The language of the conference will be English and it will be held at 10.00 a.m. on 24th August, 1992.

The deadline for submission of bids is 10.00 a.m. on 12th October, 1992. The place of submission of bids is indicated in the tender documents.

Further details are given in the tender documents.

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TECHNOLOGY

As Japanese car makers strive to cut costs, priorities on the production line have changed, says Steven Butler

Driven back to basics



Suzuki plant in Japan in the early 1980s. At the plant Honda introduced what it called General Assembly Trucks (Gat) to replace the traditional assembly line. In the traditional conveyor line, pioneered by Henry Ford, vehicle chassis rode on a platform of fixed height. The platforms were spaced evenly and were linked together and pulled along by a chain. The line moved at a uniform speed, ideally never stopping, while workers installed parts and components as the vehicle moved slowly by.

Yet the old-fashioned conveyor has proved too inflexible. Cars move along at the same speed, spaced evenly regardless of how difficult they are to assemble. If one car has to be stopped because of a problem, they all stop, bringing work to a halt on the whole line. Because planned stops for the cars are impractical, automation using stationary robots is impossible. Honda's innovation was to dispense with the link between the platforms. Instead of being pulled along by a noisy chain, Honda put the chassis on a dolly which moves under the power of its own electric motor. The motor draws power by induction from a cable beneath the floor and can also raise and lower the vehicle chassis so that workers never have to bend to install parts.

Honda's Gat also supplies a key that opens the door automatically; the dollies can move at different speeds, stop precisely to allow robot installation of components, and accelerate and decelerate quickly to keep an expensive robot used to the maximum. And the entire process can be controlled by central computer, which monitors progress of each vehicle by means of an electronic sensor system on the dolly and tells the robots what is coming. The result is a production line much more pleasant to work on and one which is much more amenable to automation. Honda concluded it was technically possible to raise the automation rate on final assembly to 30 per cent, compared with 5 per cent standard in the industry. Honda installed the technology on one line at the Suzuka plant, on lines at East Liberty in Ohio, and will open a plant later this year in Sweden using an advanced version of the system. Honda Engineering also licensed the basic technology to Daifuku, the Japanese specialist

in factory equipment. Daifuku has sold the system to both Toyota and Nissan, which have opened separate plants in the past year.

The lines are beautiful to watch, when compared with the traditional noisy and disorderly line. Nissan believes it will result in smoother operation on the final assembly line, since cars that are complex to assemble can be spaced further apart. And if a problem arises, only one car need be stopped, allowing it to catch up later.

Yet whether the technology offers a true solution for the industry's problems is another question. For one, the line costs between two and three times as much to install as a traditional conveyor system, yet by itself does not contribute anything to raising productivity.

The improvement in productivity only comes after additional spending on robots. When Honda installed its Suzuka line in 1989, it lifted the level of automation to 18 per cent. Tsukamoto says this raised labour productivity on the line by between 15 to 17 per cent. But Honda has shelved a plan to install more robots on the line to raise the automation ratio to 30 per cent. It is too expensive.

Tsukamoto says that to replace one worker with machinery can cost between ¥10m (\$42,000) and ¥80m, depending on the process. Honda is willing to spend the money when it relieves a particularly onerous manual task, or when the investment results in a large improvement in quality.

One area where Honda has not skimped is on machinery for automated, simultaneous installation of car suspension and engines. By mounting and fastening all bolts simultaneously, Tsukamoto says, a more precise fit is obtained, allowing for improved handling and ride. Simultaneous bolt fastening prevents the accumulation of minor alignment errors.

The robots also provide rapid feedback. If a single bolt hole is misaligned, the machines quit. On a traditional line, a slightly misaligned bolt hole will rarely slow down a worker, who will put the thing together anyway. The worker will still have to intervene on Honda's automated line when holes do not match, but because the robots detect quality problems instantly, the source can be traced immediately and corrected.

Honda's Gat system offers the potential to save labour, improve quality and increase flexibility. Whether this potential can be exploited to the financial benefit of the car makers, however, depends very much on other links in the engineering chain.

A further article on engineering for flexibility will appear shortly.

Mainframes keep up the pace

By Louise Kehoe

Downsizing - the shift from proprietary mainframe computers to client-server distributed systems - has become a *de rigueur* in the computer world. The trend, driven by the development of high-performance desktop computers and the growing popularity of "open systems" software, is used to justify dire predictions of the "death of the mainframe" and the impending downfall of International Business Machines.

Putting the downsizing trend in perspective, a report published this week by ECsoft, a European software and services group, suggests that downsizing, although widespread, is not the overwhelming trend that many had believed.

Some 35 per cent of IBM mainframe computer users in the UK surveyed by ECsoft have already downsized or plan to do so. Another 41 per cent said, however, that they have no plans to downsize. The survey also confirms the shift away from proprietary systems towards so-called "open systems" which theoretically give users the option of purchasing compatible hardware from several different suppliers. Again, however, the trend is more moderate than advocates of open systems have claimed.

Neither does downsizing necessarily mean that mainframe computers are replaced. In most cases the old mainframe is incorporated in new distributed systems.

Mainframes still have several advantages compared with minicomputers, workstations or personal computer networks. "The commercial robustness isn't there," in open systems, Steve Gossens, UK managing director of ECsoft, suggests. Also inhibiting the open systems trend is the shortage of data processing managers experienced in the use of open systems.

Still the lower prices of open systems are a big draw. Asked to explain their decisions to downsize or move to open systems, most respondents cited changes within their organisation - mergers,

acquisitions or the arrival of a new manager - that triggered a review of existing information systems.

"There has also been a shift of power in information technology from the data processing centre manager to the end user community. Departmental managers now have their own IT budget," says Gossens.

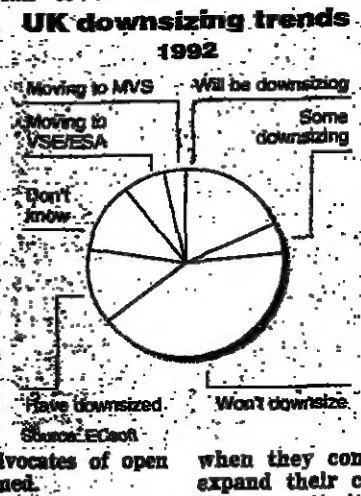
The new holders of the IT purse strings have no loyalties to IBM or other established computer suppliers and are more likely to explore alternatives, he explains.

Among survey respondents who said they have or will downsize, one third are planning to use open systems, another third have downsized to IBM's mid-range AS400 computers, while a surprising 13 per cent switched to other proprietary systems.

The researchers talked to more than 200 or approximately 20 per cent of IBM mainframe computer users in the UK. The sample was deliberately focussed upon users of IBM's older but still widely used VSE operating system, which has traditionally been geared towards smaller mainframe systems. These VSE mainframes users face a dilemma when they come to upgrade or expand their computer systems. They must either undertake a costly conversion to a new operating system or make a break from the traditional mainframe and become part of the "downsizing" trend.

Not surprisingly, the rate of downsizing among these users is higher than average. Indeed, the survey reveals that users of VSE are twice as likely to switch to new types of systems as users of newer IBM mainframe operating systems.

The survey results are hardly good news for IBM since they confirm that a substantial number of its traditionally loyal customers are turning to competitors' equipment. However, those who have labelled the mainframe an endangered species clearly have a long time to wait for its extinction.



FT LAW REPORTS

Deposits are protected

THE DEPOSITORS' PROTECTION FUND v DALLIA AND ANOTHER
Chancery Division:
Sir Donald Nicholls,
Vice-Chancellor:
July 3 1992

AN ASSIGNMENT of whole or part of a deposit in an authorised bank, made before presentation of a petition for its winding-up or before July 30 1991, entitles the assignee to be treated as the depositor of the assigned sum for the purpose of claiming compensation under the statutory deposit protection scheme.

The Vice-Chancellor so held when giving judgment for the defendants on a claim for a declaration by the Depositors Protection Fund, against Mrs Varsha Dalia representing the assignees of deposits in the Bank of Credit and Commerce SA (BCCI), and Barclays Bank plc representing the authorised institutions who contributed to the fund.

THE VICE-CHANCELLOR said that to alleviate hardship when a bank became insolvent the Banking Act 1979 set up the deposit protection fund. Money from the fund was payable to depositors on the insolvency of a recognised bank or institution. A depositor was paid three-quarters of his deposit, limited to £20,000.

The fund was continued under the Banking Act 1987. The maximum amount of a protected deposit was increased to £20,000. BCCI was an authorised institution. On July 5 1991 the Bank of England presented a petition that it be wound up on the ground *inter alia* that it was insolvent. Provisional liquidators were appointed and BCCI ceased trading in the UK. A firm of accountants wrote to BCCI depositors telling them of a scheme by which a depositor should assign part of his deposit to family members or close friends who could be trusted. Each assignee could look to the fund for maximum compensation payable.

Depositors were urged to hurry "for you only have until July 29". That was because the winding-up petition was due to come before the court again on July 30.

Some 50 depositors or more signed transfers in July in respect of sums totalling several million pounds. There were over 200 assignees.

The scheme was quickly stopped in its tracks. On July 30 the Banking Act 1987 (Meaning of Deposit) Order 1991 was made.

It provided that in future the definition of "deposit" in the Act excluded a sum to which a person became entitled otherwise than by operation of law, after presentation of a winding-up petition.

The question was whether the assignees had their intended effect for compensation purposes.

The deposit protection scheme was regulated by Part 2 of the 1987 Act. Section 58 of the Act provided for payment of compensation. Subsection (1) provided that if an authorised institution became insolvent, or was subject to an administration order, the fund should pay "each depositor who had a protected deposit... three-quarters of his protected deposit".

The Act contained no definition of "depositor". It naturally read as meaning the person who made the deposit. To qualify for compensation the deposit must be a "protected deposit".

Section 59 defined when a company became insolvent for the purposes of section 58. Under 59(1)(a) the relevant event in a winding-up case was the making of the winding-up order, not presentation of the petition.

Section 60 defined "protected deposit" as referring to the institution's total liability to the depositor "immediately before" it became insolvent or the administration order was made, limited to £20,000.

The assumption made by the section 60 wording was that the depositor who made the deposit would be the same person as the depositor to whom a compensation payment was to be made.

Section 61 addressed the problem of trusts by modifying sections 58 and 60 in certain cases.

Two important points were discernible in its provisions. First, one thread running through them was that where A was the person who made the deposit but B was the per-

son beneficially entitled to the deposit, B was the material person for the purposes of the protection scheme.

Second, section 61 was concerned with the beneficial interests existing when a payment fell to be made. There was nothing in the section to suggest that the trust provisions applied only if the trust existed at the time the deposit was made.

Where A assigned the whole of his interest to B in a deposit, in writing and with written notice to the bank under section 136 of the Law of Property Act 1925, he made a statutory assignment and the person to whom compensation was payable under section 58 was B. The expression "depositor" was apt to embrace him as A's assignee, and the "protected deposit" was the bank's liability to him in respect of the UK deposit to which he was entitled.

To confine "depositor" in all circumstances to the person who made the deposit would be inconsistent with the object of section 61.

The natural meaning must give way to the extent necessary to enable the Act's underlying purpose to be achieved. It was inconceivable that Parliament intended that an assignee of the whole deposit under a statutory assignment should be in a worse position than the beneficiary under a declaration of trust. In each case the entire beneficial interest in the deposit belonged to B to the exclusion of A who made the deposit.

The essential purpose was to pay compensation to those entitled to deposits in an insolvent bank. If the original depositor had assigned his interest, achievement of the whole deposit under a statutory assignment required the assignee to be the person entitled to compensation.

That was necessarily implicit in the legislative scheme, and section 58 must be so read and understood.

Where part only of a deposit had been assigned it could not be a statutory assignment, but was equitable only. For compensation purposes the position was the same as with regard to a statutory assignment. There was no reason in principle why, for the purposes of the deposit protection

scheme, an assignee of part of a deposit should be treated any differently from an assignee of the whole.

In the present case the assignees had declared themselves trustees of the assigned parts of the deposits if BCCI was unable to designate separate deposit accounts in assignee's names.

There was no reason why equitable assignments with that fall-back declaration of trust should be treated differently for compensation purposes than if, in place of assignments, there had been simple declarations of trusts.

The 1991 Order provided that "deposit" excluded any sum to which a person became entitled "after a petition is presented for the winding-up of the institution, or in the case of an institution in respect of which such a petition has been presented before... this Order comes into force, July 30 1991".

The Order excluded an entitlement arising otherwise than by operation of law, after presentation of a winding-up petition.

It deliberately left untouched a deposit to which a person became entitled pre-presentation of a winding-up petition.

The inevitable conclusion was that pre-petition assignments were not intended to be outlawed. The Order was content that pre-petition assignees should still qualify for compensation.

The Order applied to interests arising under assignments and under trusts. Both were struck down if entitlement arose after presentation of a winding-up petition.

In both cases they were left untouched for compensation purposes if entitlement arose pre-petition.

For the purposes of Part 2 of the 1987 Act an assignee of part of a deposit was to be treated as entitled to the assigned part and as having made a deposit equal to that part.

For the fund: John Jarvis QC and Jonathan Nash (Clerk of the Court).

For Mrs Dalia: Philip Sales (Ashurst Morris Crisp).

For Barclays Bank: Michael Brindle QC and Bankim Thanki (Lovell White Durrant).

Rachel Davies

Barrister

PEOPLE

Kenneth Baker joins Hanson board

Kenneth Baker, the former Conservative Home Secretary, has been slower than some of his ex-Cabinet colleagues to pick up new interests now that he is free from ministerial office. However, he has made up for the delay with his first appointment, a non-executive directorship of Hanson, Britain's ninth biggest company.

Lord Hanson, who has better political contacts with the Conservative party than have many big businessmen, yesterday said he was delighted that Baker, 57, had agreed to join his board. Over the past year Hanson has been under pressure to strengthen its team of non-executive directors and Baker's appointment fills an obvious gap on a board which is dominated by executive directors and businessmen.

Baker, who entered Parliament in 1968 and remains MP for the Mole Valley, has held a wide variety of ministerial posts; the Guardian once dubbed him the government's "smoothest operator". Between 1981 and 1984 he was minister of state at the Department of Industry. He then moved to the Department of Environment as minister for local government, and in May 1986 was appointed secretary of state for education and science. In July 1989 he was made chairman of the Conservative party but retained his Cabinet seat. He decided to leave the government after the 1992 election.

He said yesterday that Hanson is "one of the most successful and well-managed companies in the world" and he was "very pleased" to have been asked to join its board.



John Brewer, head of human resources, has been appointed a director of CIBA-GEIGY's UK company.

Paul Nicholson is splitting the roles of chairman and md at VAUX GROUP; he remains executive chairman and has appointed Peter Catesby, deputy chairman, and Frank Nicholson as joint mds.

Peter Chambers, formerly chief operating officer of Cope Allmann, has been appointed chief executive of CARADON's bathroom and plastics division.

Juergen Freund, formerly chief executive of RJ Reynolds' German operations, has been appointed chief executive of Caradon Heating.

Jeffrey Rosenberg, director and founder of J&J which was last month acquired by CLAREMONT GARMENTS (HOLDINGS), itself demerged from Alexon last year, has been appointed to Claremont's board.

Bodies politic

Brian Harris (above left), chairman of Richard Ellis, has been elected president of the LONDON CHAMBER OF COMMERCE AND INDUSTRY.

Graham Robson (above right), chief executive of Spillers Foods, has been appointed president of the INCORPORATED SOCIETY OF BRITISH ADVERTISERS.

Ian Harris, chairman and chief executive of the Bonas Machine Company, has been appointed chairman of the BRITISH TEXTILE MACHINERY ASSOCIATION.

Phillipa Barrow has been appointed chairman of the

BRITISH ASSOCIATION OF INDUSTRIAL EDITORS.

Sir Hugh Bladwell, a former Lord Mayor of London, has been appointed chairman of the London Tourist Board.

Allan McDougall, md of MF Kent Services, has been elected president of the HEATING AND VENTILATING CONTRACTORS' ASSOCIATION.

Michael Brent, chairman and md of Trilite, has been elected president of the PAINTMAKERS' ASSOCIATION OF GREAT BRITAIN.

Insurance moves

John Allison, until recently a marketing consultant, is joining The LIFE ASSOCIATION OF SCOTLAND, a subsidiary of Internationale Nederlanden

Group, as general manager (marketing).

John Fairbanks is taking up the newly created post of sales promotion director at SUN LIFE OF CANADA; he returns to the company after spending the past five years as a consultant working mostly with Swiss Reinsurance (UK).

Ernest Schneebeli is appointed chairman and Jeremy Hills company secretary of SWISS PIONEER LIFE. Adolf Scheinwiller becomes a director of Swiss Pioneer Life and of Swiss Life (UK).

Donald Payne has been appointed a director of WILLIS CORROON GROUP.

Douglas Burgess, Nick Edwards and William Murphy have been appointed directors of the ENGLISH & AMERICAN UNDERWRITING AGENCY.

Roy Elms has been appointed deputy chairman of ROYAL

UK.

Viscountess Cobham, who has first-hand experience of restoring the family seat, has been hired as special adviser on heritage and tourism for David Mello's new Department of National Heritage.

Lady Cobham was a member of the English Tourist Board and a commissioner of English Heritage and of the Countryside Commission. She is on the Historic Royal Palaces Advisory Group, the British Tourist Authority's British Heritage Committee and the Historic Houses Association's Executive Council.

Lady Cobham has lived at Hagley Hall (left), the family's Grade I English Palladian house in the west Midlands, since 1974 when she married the 11th Viscount. During this time she has supervised the structural and decorative renovation of the property and organised the opening of the house to the public. Her work at Hagley was recognised by an award from the British Tourist Authority.



Australian Ballet

Clement Crisp

THE Australian Ballet's third programme is a triple bill which pays debts and makes an investment for the future. Two of the pieces - Ninette de Valois' *Chaconne* and Antony Tudor's *Gala Performance* - tell of formative influences behind the company itself.

The national ballet which Dame Ninette established in Britain is the example that guided the making of Australia's troupe (which this season, more than ever before, speaks with an independent and assured voice).

Peggy van Praagh, the founder of the Australian Ballet, was one of the group of "Tudor dancers" which sustained that subtle creator in his London years, and it was she who first played the role of the French ballerina in his acid commentary upon stellar temperament.

The third piece, *Of Blessed Memory*, is the work of a new talent arisen within the troupe - Stanton Welch, in his early twenties and son of two former stars of the company, Marilyn Jones and Garth Welch.

Of Blessed Memory reveals an eager gift for movement. It concerns the child's debt to its mother, couched in pitiless but emotionally specific terms.

At the ballet's centre Mr Welch has cast his mother, radiant as we recall her from her days as the company's leading ballerina, and now discreetly and lovingly shown as life-giver and watchful presence. Around her the choreography surges along the melodic paths of Canteloube's *Chants d'Auvergne* (excellently sung by Joanna Cole).

It is music that can be cloyingly sweet, and sweetly coy, and Mr Welch, for all his bright skill, cannot surmount every pitfall of his score. Because he is musically alert, he tends at moments to "mick-ey-mouse" in matching step for note, and the most wincingly roguish song leads him into the shallows of cuteness - the number could with advantage be cut.

But he writes fluently, steps and ideas pouring from him (many of them good), so that we know the sincerity of his inspiration and of his creative drive.

He is rewarded with excellent performances from a large cast - notably from Miranda Coney, Steven Heathcote, Justine Summers, Nicole Rhodes, Campbell Mackenzie. There is handsome design - evocative

of the onlook - from Kristian Frederickson.

The staging of *Chaconne* is scrupulous. The McKnight-Kaufman designs have lost nothing of their theatrical power (or their Art Deco distinction). The choreography has been carefully set, and with what emotional clarity does the drama unfold: after all the years, all the performances, the inevitability of the black pieces' triumph still grips.

The Australian cast was admirable in intention, and technically fine. Greg Horne, as the Red Knight, Lisa Pavane the Black Queen - but oddly light in physical tone. De Valois' choreography, needs weight - there is an earthy folk-dance directness to some of the steps - and slightly less brisk tempi, that will allow movement and gesture to be more fully realised.

About *Gala Performance* there are two schools of thought: Antony Tudor's, who conceived the piece as a satire, but not as a romp, and that of most interpreters, who see the piece as an occasion for unbridled romping with the satirical bite of *Carry On Dancing*.

Three ballerinas (from Moscow, Milan and Paris) battle for precedence and applause at a gala. The more implacable their manoeuvres, the better the interpretation, and the truer to life the annals of ballet gossip are rich in incidents no wilder or egomaniacal than those in this display of sacred monsters.

The Australian production (with a set unnecessarily garish) has caught something of the right style. Lisa Pavane stalks the stage in icy majesty as the Milanese divinity, and Justine Miles was obnoxiously Parisian, but Stan Stokes' Muscovite was a knock-about grotesque - and comedy is too serious a business to be made fun of.

Gala Performance inevitably suffers in a large theatre - it was made for an intimate stage with intimate by-play. A see-change into opera-house space denies its humour, though it would be hard to see it danced by some of today's more awful stars, whose mannerisms are no less ludicrous than those Tudor first sent up in 1928.

The Australian Ballet continues at the London Coliseum (071) 536 3161 with varied programming until July 18. Sponsors include Australian National Line and Qantas.

Cinema/ Nigel Andrews

Silly season full of sound and fury

THE cinema-going scene in Britain now resembles one of those hi-tech television weather maps. Swirling across the Atlantic is an airborne army of thunderclouds; lightning forks and jiggling white arrows, signalling that the full force of Hollywood's sequel season will soon reach the UK. Meanwhile, like a smaller army of Ian McCaskill, British film critics pipe out warnings as the weather and TV graphics run riot.

Britain is a sitting target for this treatment. Each summer its cinema exhibition business curls up into a catatonic ball, convinced that most filmgoers not on holiday abroad will be attached to their Wimbledon test cricket audiovisual drip feeds. What price a fair-to-good film at their local cinema?

Ergo: summer audiences must be given either rescued-from-the-shelf rubbish which would not make money even in a good film-going season, or overblown American sequels that cannot be resisted, at least by addicts, even in a bad film-going season.

The logic is impeccable; the situation is nightmarish. And not just for a British film industry reeling in two meagre openings this month: one a cartoon about a frog working for British Intelligence (sic), the other a two-year-old arthouse misfire (see below). No, we are in nightmare territory because the conclusion has been reached by the film world's marketing brains that in adverse circumstances you cannot woo the public, you can only mug it.

Movies large of spectacle and empty of content are the most potent weapon. They are light enough to lift up in the air, yet hard enough to concuss the audience when brought down on its head.

Sequelitis is an essential component of this campaign. In high summer, few flippers have the energy to meet new characters or adjust to new plot lines. They yearn only for the ritualistic and ongoing, cinema's equivalent of Wimbledon or test cricket. Hence the unimpeachable return of the caped crusader, of Mel Gibson and

MY COUSIN VINNY (15)

Jonathan Lynn

DAKOTA ROAD

Nick Ward

BELLE DE JOUR (18)

Luis Bunuel

Danny Glover in lethal harness, of Sigourney Weaver in space battling Old Salva Jaws. It would be an act of Canute-like futility to sit on the shores of Britain ordering Hollywood's sequel-hurricanes to go home. Better to welcome them in and allow them to flood cinema up to the expected box office high water mark, then we may drain off what conclusions we can at summer's end.

The most likely conclusions - I have already prepared two in anticipation - are as follows.

The first is in three parts and has been formulated for those who believe in government intervention in cinema. A swingeing tax should be placed on all imported feature films, especially from America, so that the extra revenue can be ploughed into British film production. All summer holidays abroad should be cancelled or "earned" in advance by a visit to 10 British cinemas in the week before departure. And major TV sport-watching should be hived off, as it soon will be anyway, to the satellite channels, where it will be watched only by the small if growing minority of persons willing to attach large saucers to their houses. This will free the remaining population to go to the movies.

On the other hand, there are those like me who do not believe in government intervention. Our conclusion, also in three parts, is as follows. The British cinema should start to make good films again. The British cinema should stop sitting around waiting for the government and other bodies to pick it up off the floor. And the British cinema should



Marisa Tomei and Joe Pesci create courtroom mayhem while Fred Gwynne (centre) looks on in *My Cousin Vinny*

remember that it once could - yes, it really could - make originals and sequel sagas all its own that struck gold at the box office.

Remember the Bonds? The Carry Ons? The Hammer horrors? If we are going to be mugged by the movie business every summer - that now seems unavoidable - let us at least return to being mugged by our own movies. Who knows: in such profitable assaults on audiences whose resistance is lowered by the heat and holiday season might lie, at last, our industry's commercial salvation.

In *My Cousin Vinny*, half an idea for a film is searching earnestly for the other half. The half already in place concerns a fledgling Italian-American lawyer (Joe Pesci) who is summoned from Brooklyn to the Deep South to rescue a young cousin (Ralph Macchio) from an erroneous murder charge.

Pesci sports a black wig and what I judge to be an emergency face-lift. His upper

cheeks are pulled back so far that he resembles something out of *The Mikado*. When he opens his mouth, we are astonished that he does not say things like "Ah so, murder charge, velly mistaken." Instead Pesci talks like someone out of *Goodfellas*, which of course he is, and brings a touch of Cosa Nostra to the land of cotton.

There are long passages of the film when even this limited joke runs out. During these, we must make do with minor pleasures like the scenery, the Southern accents and Fred Gwynne's mournfully cantankerous old judge, who seems to have stepped out of a Charles Addams cartoon and then found himself wishing he could step back in.

But the bits and pieces never quite add up. Somewhere during this film's making I suspect that half the script was mysteriously lost down a street grating, leaving British director Jonathan Lynn, late of *Nuns On The Run*, to vamp like hell somewhere south-west of Savannah.

erecting his signal, the shame-ridden farmer's wife polishing her tile floors like a Lady Macbeth of the fens, and the incestuous, daughter-fancying, suicidally inclined farmer himself, who is forever polishing his shoes. No doubt he is hoping to go on a long, long journey.

In the work of Luis Bunuel, symbolism is seldom allowed to lie around crudely exposed. It is either whisked on and off like a conjuror's rabbit or is elevated into fetishism. See *Belle De Jour*, made in 1967 and revived this week. Surgeon's wife Catherine Deneuve embarks on her own brand of adult education course when she signs on for day work at a chic brothel.

Soon it is open season for sexual fantasy - her own and her clients - and Bunuel adds to the subversiveness by filming the surreal as if it is real. Seeing human nature turned inside out as coolly as this is as shocking as discovering your favourite maiden aunt shooting up with heroin. See, learn, gasp and wonder.



John Shrapnel plays the part of exorcising rabbi 'Reb' Azriel with huge gusto

BETWEEN the wars, Solomon Anski's play was a staple of Yiddish theatre everywhere. Anski (1883-1920) was Byelorussian, a political radical and a devoted ethnographer of Ukrainian Jewry.

The *Dybbuk* is an extraordinary play, and Katie Mitchell's production for the Royal Shakespeare Company gives it the works - in the best, most serious sense, and also in a long-sighted new way.

The bare bones of the Chassidic tale Anski used as his basis might seem only a superstitious folk-legend, with a sentimental-mystical twist.

There is far more in its overblowing play, and it sounds the sense of the story far deeper - but the details are densely, opaquely ethnic: a modern director, even in Yiddish theatre, might scarcely know what to do with it.

Miss Mitchell has known exactly what to do with it. She has induced a fine translator (Mira Rafalowicz) to make her fourth adaptation of the text;

she has taken a scholarly team to do fieldwork among Jews in the Ukraine. She recreates a whole, devout community in The Pit, with their rituals and dances and a cast fervently drilled in their bursts of Yiddish and Hebrew (justified by their rhetorical force, incantatory or commanding or folk-poetry).

Above all, she plants the central lovers' mystical rebellion against Torah law firmly within that tradition and that community, and allows neither side to "win".

A *Dybbuk* is the soul of one whose life has been cut off prematurely and incompletely, and seeks a temporising refuge in the body of another.

Here, a poor Yeshiva scholar (Charles Daish) who loves Leye, a rich man's

daughter, is rejected by her father in favour of a wealthier husband; unhinged, he falls to cabalistic fancies and starves himself to death.

At the moment of Leye's eventual wedding, she becomes possessed by him as a *Dybbuk*. The rest of the play is concerned with her ritual exorcism by the great "Reb" (Rabbi) Azriel - incarnated with huge gusto by John Shrapnel - and its outcome.

Superstition has nothing to do with it. The burning theme of the play is how the dead interpenetrate the world of the living (as of course they do among us all, most comprehensively), at every level from spiritual to quotidian and pragmatic.

Among the people whom Anski depicts with such faithful insight, that is poignantly understood, the message emerges from their culture with special clarity. It emerges in this production with humane power. Timely, too - but you can draw your own morals.

As shy, obedient Leye, Joanne Pearce is faultless; and later, we cannot doubt while the play proceeds that she is possessed by the *Dybbuk*. It is a wrenching performance, and superb, though one cannot help but fear for her health over the five-month run.

Among all the excellent players, Peter Needham lends the father dignity and subtlety, and Rob Edwards creates a lofty, uncanny presence for the Messenger, a vital go-between for matters of the highest import.

Altogether the play transmits a kind of wisdom: nothing in it that seems quaint or picturesque is mere surface, but subverses its real, sober vision.

The Pit, Barbican Centre (071) 638 8891. In repertory until 28 November

The Dybbuk

David Murray

INTERNATIONAL ARTS GUIDE

BERLIN

CONCERTS
Jose Carreras gives an open-air concert tonight at the Gendarmenmarkt, with the Seville Philharmonic Orchestra conducted by Vekoslav Sutej.
Sat: Berlin Radio Orchestra plays Viennese operetta favourites (West Berlin 238 5550).
Sat at Malfeld: Edward Heath conducts the Lithuanian National Symphony Orchestra, with Justus Frantz piano soloist. Mon, Tues, Wed at Waldedüne: Dire Straits, plus Was Not Was (West Berlin 301 9999).
THEATRE
● The Blue Angel runs daily except Mon till Sep 6 at Theater des Westens, with Ute Lempert and Eva Mattes alternating as Lola, the night club singer who captivates Professor Raat (West Berlin 3180 3183).
● An open-air production of Shakespeare's *A Midsummer Night's Dream* opens tomorrow at Freilichtbühne an der Zitadelle (West Berlin 331 8820).

● Theaterkassette im Europa-Center has an information and ticket service for Berlin entertainments (Tauentzienstrasse 9, West Berlin 261 7051).

BUDAPEST

State Opera The repertory includes Don Giovanni (tonight) and Sat, also next Wed and Sun), *Madama Butterfly* (tomorrow), also next Tues and Sat) and a double bill of Bartok stage works (Sun and Mon). Performances begin at 20.00.

Margaret Island There are open-air performances of *Il trovatore* at 20.30 on Sun, Tues and next Fri.

Peet Concert Hall Operetta concerts every Tues, Thurs and Sat throughout the summer, plus opera concerts with the Lehar Orchestra every Wed and Fri. Performances begin at 20.30 (Vigado ter 2).

Martin Theatre Stalin and Other Voices: two one-act comic operas sung in English. Tonight, tomorrow, Sat and Sun at 20.00 (Gerlőczy u 4).

Round Theatre The Servant Girl, Italian renaissance comedy by Giambattista della Porta. Tonight and Mon at 19.30 (Varosligeti lrt).

Hilton Hotel Tonight's performance is a folklore show by the Budapest Dance Ensemble. Sat: Tomkins Vocal

Ensemble, Sun: American pianist Leonid Kuzmin. Tues: Orient Dixieland Band. Wed: Albinoni and Mozart concert (Hess Andras ter 1-3, in Dominican Court).
● Pre-booking for concerts at the National Philharmonic Booking Office (Vörösmarty ter 1) and for opera at the Central Theatre Booking Office (Andrássy ut 18), also at theatre box offices.

FRANKFURT

JAZZ IM PALMENGARTEN
Open-air jazz concerts are given every second Thursday throughout the summer in the Palmengarten. Tonight at 19.30: New York pianist Geri Allen and her quartet. The next concert is on July 30.

LONDON

THEATRE
● Shades: Simon Callow directs Sharmen Macdonald's humorous new play about claustrophobic family tensions. Pauline Collins stars as the widow trying to balance conflicting demands from her son, mother and boyfriend. Now previewing after a short regional tour. Press night next Thurs (Albany 071-867 1111).
● Columbus and the Discovery of Japan: John Caird directs Richard Nelson's new epic play for the Royal Shakespeare Company, with Jonathan Hyde as pioneer and madman. Opens next Wed (Barbican 071-638 8891).
● A Slip of the Tongue: John Malkovich in Dusty Hughes' play

about a Czechoslovak academic's personal and political relationships with women at the time of the 1989 revolution (Shaftesbury 071-379 5399).
● From a Jack to a King: a new rock 'n' roll version of Macbeth from the team that produced *Return to the Forbidden Planet*. Starts previewing tonight. Press night on Mon (Ambassadors 071-636 6111).
● For ticket information about all West End shows, phone Theatreline from anywhere in the UK: Plays 0836 430959. Musicals 0836 430960. Comedies 0836 430961. Thrillers 0836 430962.

DANCE
Covent Garden 19.30 Royal Ballet mixed bill: Les Sylphides, Ashton's *A Month in the Country* and MacMillan's *Elle*.
Symphonies. Tomorrow: Rossini's *Il viaggio a Reims*, final performance of the Royal Opera's season. Sat: La Fille mal gardée. The Royal Ballet season continues till Aug 8 (071-240 1066).
Coliseum 19.30 Australian Ballet mixed bill, including choreographies by Stanton Welch and Ninette de Valois. Tomorrow and Sat: Coppelia. July 21-Aug 1: Alvin Ailey American Dance Theatre (071-240 5258).

MUSIC
Royal Festival Hall 20.00 New Orleans jazz night with Dr John, Zachary Richard, Johnny Adams and others. Tomorrow: Take 6. Sat: Gerry Mulligan Tentet. Sun: Cole Porter evening. Mon: Keith Jarrett. Tues: Brazilian pop superstar Marisa Monte. Next

Fri: English National Ballet season opens with *Cinderella* (071-928 8800).
Queen Elizabeth Hall 19.45 London Chamber Orchestra plays Vivaldi's Four Seasons and works by Tippett and Elgar (071-928 8800).
Barbican 18.30 Closing concert of the Carl Flesch International Violin Competition, in which three finalists are accompanied by the Philharmonia Orchestra conducted by Andrew Litton. Tomorrow: orchestral music from the silver screen. Sat: Judith Howarth is soprano soloist in a bel canto opera night. Next week: King's Singers (071-638 8891).

MADRID

Les Grands Ballets Canadiens are appearing at the Teatro Lirico La Zarzuela during the next four nights, with a programme including *Fallie's Three Cornered Hat* (429 8285). Tonight and tomorrow at Centro Cultural Conde Duque: English National Ballet (559 3790).

MUNICH

BIRMINGHAM AT THE GASTEIG
The arts in Birmingham are represented in a three week festival opening tonight with an Asiatic dance and music performance, an Afro-Caribbean dance programme and Simon Archer's photographic exhibition entitled *Inspired Insanity*. July 25 and 26: Black Voices in a programme of modern and traditional a capella music.

reggae, gospel, blues and spirituals. July 30: Simon Rattle conducts the CBSO. Aug 1-9: a week of Birmingham films (401832).

NEW YORK

New York State Theater 20.00 Opening of 1992 City Opera season with Cav and Pag, staged by Jonathan Eaton and conducted by Steven Sloane. Tomorrow: *La traviata*. Sat afternoon: *La bohème*. Sat evening: Nash, Schmidt and Jones' musical 110 in The Shade (870 5570).

Metropolitan Opera 20.00 Kirov Opera production of *The Queen of Spades*. The Kirov season ends with performances of Prokofiev's *Fiery Angel* tomorrow and Sat (362 6000).

Avery Fisher Hall 20.00 Song recital by Olga Serra, accompanied by Alicia de Larrocha. Tomorrow and Sat: Jesus Lopez Cobos conducts the Mostly Mozart Festival Orchestra in a programme including Mozart's Piano Concerto No 18, with Garrick Ohlsson. Mon: Andre Previn and the Emerson String Quartet. Soloists in next week's orchestral concerts are Andre Watts, Rudolf Firkušny and Lynn Harrell (875 5030).

Carnegie Hall 20.00 Kurt Masur conducts the New York Philharmonic Orchestra in Tchaikovsky's First Piano Concerto (Shura Cherkassky) and Sixth Symphony (247 7800).

European Cable and Satellite Business TV

(all times CET)

TUESDAY TO FRIDAY
CNN
2000-2200, 2200-2300 World Business Today - a joint FT/CNN production with Great Ferry and Colin Chapman.

Super Channel
0830-0900 (Mon) FT East Europe Report - weekly in-depth analysis from FTTV.
2100-2200 (Tues) Media Europa - what's new in European media business.
2130-2200 (Wed) FT Business Weekly - global business report with James Beftel.
0830-0900 (Thurs) Media Europa.
2130-2200 (Thurs) FT Eastern Europe Report.
0830-0900 (Fri) FT Business Weekly.

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly.

SATURDAY
CNN
0800-0900 World Business. This Week - a joint FT/CNN production 1900-1950 World Business This Week.

Super Channel
1930-2000 FT Eastern Europe Report.

SUNDAY
CNN
1000-1100, 1800-1830 World Business This Week.

Super Channel
1800-1830 FT Business Weekly.

Sky News
1330-1400, 2000-2100 FT Business Weekly.

FINANCIAL TIMES

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Thursday July 16 1992

They must be stopped

WITH WHAT must seem to the victims of the international community the international community is beginning to recognise the nature of the conflict in Bosnia-Herzegovina. A state, recognised by most other states and admitted to numerous international bodies, is being dismembered. Frontiers are being redrawn by war. Large numbers of people are being forcibly driven from their homes, with widespread killing.

Such actions would be "intolerable" at any time or place, but in many times and places they have been tolerated. A particularly clear precedent was set in Cyprus in 1974. There too a neighbouring state (Turkey) intervened to protect a minority, and used military force to secure an area for that minority's exclusive use, expelling from it all members of the majority community. There too the international community - including Britain, which had guaranteed Cyprus's territorial integrity - failed to take any effective action to halt or reverse the process. There too not everyone agreed who was aggressor and who was victim; no one was sure how to solve the problem; above all, no one wanted to get hurt.

Turkey at least waited 14 years after Cyprus's independence, until a moment when the Cyprus government had been overthrown by a coup stage-managed from Greece, before resorting to such extreme measures. The Serbs did not wait to find out what an independent Bosnia-Herzegovina would be like. They resorted to force straight away. Also, not having such an overwhelming military superiority as Turkey had, they are taking longer to achieve their aims. That has given the rest of the world more time to react. Sanctions have been imposed, if so far very ineffectively enforced.

General disorder

Turkey was a large, strategically important country in the midst of the cold war. No one wanted to alienate it. Serbia is a small country and there is no longer a cold war. Instead there is a new security order in Europe which shows every sign of degenerating into general disorder, precisely because of conflicts over frontiers and minorities. If the Serbs get away with what they are doing, there are plenty of other

nations, including most ominously the Russians, who may be tempted to use the same methods to assert their claim to territory held by other states, and to "cleanse" that territory of other ethnic groups.

The instinctive aims of the international community are: to bring relief, as far as possible, to the civilian victims; to prevent the conflict from spreading; and to stop the fighting as soon as possible. These aims are right. Something has to be done, as a matter of urgency, about the refugee problem; and western powers, notably the EC, must focus on the need to prevent the fighting spreading to Kosovo, Macedonia or Vojvodina and to ensure that even if it does, neighbouring countries - Albania, Greece, Bulgaria, Hungary - stay out.

Ethnic cleansing

But "stopping the fighting" is not enough if it turns out to mean, as in Cyprus, consolidating a ceasefire only after the aggressor has secured his objectives, and then being content to urge the virtue of negotiations and concessions equally on both sides. Something more is needed to drum home the message that violence and ethnic cleansing are not an acceptable way to protect minority rights. And it is getting ever harder to avoid the conclusion that this something has to be an injection of force in some form on the side of the victims.

Outside powers are rightly reluctant to deploy ground troops, which could easily get bogged down. But naval force is already being deployed in the Adriatic - to "monitor" but not to enforce the sanctions. At the very least this force should be empowered to stop and search, and Romania (through whose territory most supplies are reaching Serbia) must be put under greater pressure to co-operate. It is time to consider the use of air power as well, if only to neutralise the unjust monopoly of air power currently enjoyed by the Serbs. It would be feasible for Nato, if so mandated by the UN Security Council, to forbid the use of Bosnian airspace to the former Yugoslav armed forces.

These are not easy decisions to take. But if they are not taken soon there may be many even more difficult ones lying in wait.

Bundesbank looks east

THE LOBBYING is done. With bearded brows and sweaty palms, the finance ministers of the industrialised world must now await the outcome of today's Bundesbank council meeting. But they are increasingly desperate attempts to place the west's economic burdens on the shoulders of 18 German council members are misplaced. The Bundesbank's task remains to secure German price stability. That they stuck to this objective to the last is, rightly, the epitaph that the council members wish to secure.

Unification has delivered an economic shock to the German economy far greater than almost anyone predicted. In the eastern Länder, the recession has been spectacularly deep; in the west the inflationary impact has been doggedly persistent. The demand for financial resources - from the German taxpayer, the budget deficit and the banking sector - has overshot all initial projections.

The Bundesbank has, as a result, found itself in a quandary. Concerned at rising wage claims and the build-up of hoarded liquidity, it fixed a restrictive target for monetary growth in 1992. Yet, in spite of record high interest rates, the subsequent acceleration of broad money growth has made a mockery of these austere expectations.

The Bundesbank council could choose to ignore the message of its favoured monetary aggregate. As with any economic target, it is easy to find reasons why it might be distorted, particularly given the strains in which Germany finds itself. Reunification may have made the demand for money less predictable, while the demand for the D-Mark as a reserve currency in eastern Europe may have grown: the OECD's latest German survey provides a convenient list.

Dented credibility

Yet the Bundesbank will surely hesitate before abandoning its monetary target so lightly. To ignore the target when the going gets tough, however apparently justified by special circumstances, would dent the credibility of any future commitments the council might make. The Bundesbank's credibility has already been damaged enough: the section of the OECD report entitled "An intensi-

fying cost-price spiral" will have sent a chill up every council member's spine.

It is not just credibility that is at stake. The counterparty to the rapid broad money growth reveal that the main cause of growing money supply is rapid credit creation by the German private sector. This credit growth has been hastened by the plethora of capital subsidies available for investment in the east, which reduce the cost of capital below market levels.

Higher inflation

Even an avowed anti-monetarist would concede that such a rapid rate of credit growth, outstripping the growth of either output or assets, risks feeding into higher inflation eventually. The British experience of the mid to late 1980s, when the rapid rate of credit expansion was conveniently but mistakenly ignored, sets a chilling precedent.

The logical consequence of the Bundesbank's previous commitments, and current predicament, suggest that today's Council meeting should decide to tighten monetary policy. The UK's experience also suggests that raising interest rates is a blunt way of controlling runaway credit growth. Raising reserve requirements on bank lending or direct ceilings on the availability of credit may be a better option, particularly if the Bundesbank wishes to minimise the effect on international interest rates.

If the Bundesbank council does decide it has no option but to raise interest rates, Germany's partners can hardly complain. It was their voluntary choice, after all, to link their currencies to the D-Mark in the pursuit of credibility.

So recent lobbying by the French and British finance ministers should be ignored. It suggests these countries still do not understand the art of non-inflationary central banking. They complain about what is needed to give them the stability they say they want. For the success of the ERM has been built on the willingness of the Bundesbank to keep its anti-inflationary head, while all around were losing theirs. To ask the Bundesbank to tolerate high German inflation in the interests of European co-operation makes little sense.

Prof Giuliano Amato, Italy's new Socialist prime minister, has dumbfounded even his closest colleagues.

No postwar Italian prime minister has headed such a fragile government coalition with a mere 16-seat parliamentary majority. Yet after less than two weeks in office he has emerged as a man determined to make up for the long years in which successive governments ducked reform of an increasingly ossified political and economic system.

"We are going to change the rules," insists the 54-year-old law professor and former deputy head of the Socialist party.

Nicknamed "Dr. Sottile" (Doctor Subtle) for his slight frame and formidable intellect, he signalled his intentions in last Friday's emergency budget, which went well beyond a simple financial operation. He set in motion a series of reforms to pensions, healthcare, local government spending and civil service employment, as well as a privatisation programme heralding the biggest shake-up in state ownership since Mussolini pioneered state-sponsored development in the 1930s.

Surrounded by documents in the prime minister's 17th-century Rome palace, he is aware that one of his hardest tasks is to win credibility. Italians and foreigners alike have come to regard any promise of reform from an Italian politician with the cynicism reserved for an old-world cry of woe.

The prime minister was already a treasury minister in the 1980s and heads a government composed of Christian Democrats, Socialists, Social Democrats and Liberals - the very same parties who ignored the budget deficit, pension reform and electoral reform over the past three years precisely when Italy was being obliged to bring itself into line with European Community norms.

So what is different now? Prof Amato recounts a conversation he had with Chancellor Helmut Kohl of Germany at last week's Munich summit. He asked Mr Kohl if he was surprised that the same four-party coalition was in power after being battered in the April elections. Mr Kohl said that he was not, because they were the only viable majority, providing the faces were different.

"The people are different, so are the circumstances," Prof Amato says. His 34-person cabinet contains, unusually, six technicians, three of whom are directly concerned with economic and industrial reform. As for the circumstances, Italians have been warned that with an uncontrolled public-sector deficit of more than 10.5 per cent of GDP, Italy is on "the edge of an abyss".

Rather than seeing himself as tainted by involvement with previous governments - he was the key organiser for Mr Bettino Craxi, the Socialist leader, when premier from 1983-87 - Prof Amato sees this as an advantage. "People who know the system are familiar with its rules and have in mind how the system can be changed," he maintains. "It is not a matter of changing it, but of making it change in a way that those who want change are not experts in the areas they want to change - so generally when they come on the scene it is a disaster. The experts usually don't want to change anything because the reason they are experts is because they defend the system."

He regards his government as guiding a "transition" from a corporatist state and patronage politics to Italy becoming a modern member of

Doctor Subtle's twin pillars

Prof Giuliano Amato, Italy's new prime minister, explains his plans for economic and political reform to Robert Graham

the EC. His strategy is two-pronged.

The first prong might be called the Me-or-Else scenario. He is introducing his budget and reforms by decree, which must be approved by parliament within 90 days. The decrees contain the broad principles of legislation, but once approved by parliament the government then has the authority to fill in the details. This avoids the interminable process of sabotage and change suffered by previous initiatives (pension reform has been under discussion for more than 10 years).

If the decrees are not approved, then Prof Amato will seek a parliamentary vote of confidence. He believes he can obtain approval by presenting the unattractive alternatives. Who could form another government? Would a disgruntled electorate support a return to the *status quo ante*? Would the heavily fragmented and internally divided parties accept new elections without prior reform of Italy's unwieldy system of proportional representation? Finally, who could solve the problem of Italy's disastrous public finances?

"It is very difficult to expect another cabinet to do tomorrow what has to be done today," he says. This calculation gives him confidence, and he adds bleakly: "I don't see a great future if they [the political parties] don't understand." Perhaps because this message is sinking in, the reaction to his programme has so far been muted.

The second prong has yet to be fully appreciated by the politicians. He has told parliamentary leaders he regards institutional reform, which is also being pressed by President Oscar Luigi Scalfaro, as their prerogative. In other words, parliament must draw up plans for changes in proportional representation, direct election of mayors, new powers for the regions and even a redefinition of the prime minister's and president's roles.

However, Prof Amato has assumed responsibility for economic management and by his own definition economic reform. The thrust of these reforms would be to slim down the role of the state, increase competition and remove political interference. Thus economic reform, which is likely to come faster, could in itself precipitate political reform.

Prof Amato says his philosophy is that of "the market whenever possible, the state whenever necessary". But he is very much a pragmatic Socialist. The budget, in which he exercised considerable influence, reflects his frustrating two-year experience as treasury minister.

"As treasury minister I was perfectly aware that the typical Italian budget was like a devaluation - it produces effects for a few weeks but



does nothing to change fundamentals such as public expenditure."

He recalls preparing a budget for Italy's army of teachers only to discover that some 50,000 "new" staff had crept on to the payroll after the calculations had been made. "If you don't change these sorts of things, it is pointless to bother people with one budget after another." He left without being able to tackle these fundamentals. "And now we are exactly at the same point three years later."

Friday's budget seeks to find £30,000m (£13.7bn) to hold the public sector deficit down to its original 1982 projection of about £128,000m.

The cabinet has gone for anti-inflation measures weighted towards special taxes on property and a one-off tax on bank deposits - as opposed to swinging spending cuts. He answers criticism of avoiding such cuts by saying: "First I have to tackle the rules and principles which condition spending."

The latter cover five areas: pensions, public employment, health, decentralisation and privatisation. The current generous state pension scheme risks gobbling up the entire budget if unchecked. The pension scheme outlined in the budget envisages a gradual move to retirement at 65 for both sexes, with a

combination of incentives and sanctions for those who wish to avail themselves of the current 55 years for women and 60 for men. Final benefit will also be slightly reduced.

While pension reform was widely anticipated, Prof Amato has surprised everyone by tackling other issues head on. On public employment he is determined to revitalise the civil service with greater job flexibility, new job definitions and gearing pay to productivity.

"There is no control of what our senior civil servants do... It is essential to introduce productivity," he says. "Experts have been saying for years that it is impossible to raise productivity in the public sector. They are right, because the way the system is organised, it is impossible. Productivity is foreign to the system."

On the national health service, he is proposing to remove political control from local health authorities, which will be given greater autonomy and the possibility of hospitals opening out, as in the UK. Until now local health authorities have had no budgetary control and have been one of the biggest sources of corruption. As a result large sums are spent to little effect.

The same considerations apply to local government at the municipal and regional level. Each year the state merely transfers funds, with no sanction for overspending. The government now proposes that municipalities will be able to raise additional property taxes (1 lira per 1,000 on a house), additional income tax (starting at 1 per cent above national rates, rising to 4 per cent by 1994), as well as increased road taxes.

The biggest immediate shake-up, however, concerns privatisation. "We have an overload of state ownership and we have to reduce it just to pay debts... and at the same time we need a better financial market. We are trying to create a system with which we can face the European financial market saying we can make deals in which you can buy," says Prof Amato.

Already the four big state entities - IRI, the main holding company; ENI, the oil concern; ENEL, the electricity authority; and INA, the insurance institute - have become joint stock companies under the treasury's tutelage as a preliminary to selling off stakes in their subsidiaries.

"I am creating a machine that will be forced towards privatisation," Prof Amato insists. "There is no capital, no financial backing in the system as it is." The two new holdings, to be created under the treasury to hold state assets worth some £60,000m, will be attractive to investors, he believes. But their real value, in which the private sector will take a maximum 45 per cent, will be in the performance of the companies they control and intend to sell off, he claims.

Deflecting criticism that the state still harbours ambitions to be a majority shareholder, he says: "Those who understand these operations can easily see that under the two super-holdings there is a big push towards privatisation because that's the only way for the system to work."

To listen to an Italian prime minister talking in these terms is perhaps the beginning of revolution, turning the seemingly impossible into the possible: changing the Italian way. But the lack of challenge to his vision so far may be deceptive, because his changes upset so many of the country's entrenched vested interests.

BOOK REVIEW

Harry's human touch

Publishing magnate Henry Luce once described President Harry Truman as the *reductio ad absurdum* of the common man. Fellow snobs among the east coast establishment shared Luce's disdain for the one-time haberdasher from Independence, Missouri, dismissing him as a blunderer doomed to remain in the shadow of his towering predecessor, Franklin D Roosevelt.

Truman never quite silenced the critics. Even his upset victory over Thomas Dewey in the 1948 presidential election, when he defied the collective wisdom of the press, Wall Street and many in his own Democratic party, failed to remove doubts about his ability and judgment.

The end of the cold war, however, has induced much nostalgia in the US for the Truman years. The Marshall plan, the Nato alliance, the Berlin airlift and the Truman doctrine of "containing" Soviet power are now viewed as historic achievements. Advisers such as George Marshall, Dean Acheson and Clark Clifford now merit the status of "wise men". Truman himself appears bold, decisive and far-sighted.

David McCullough's biography, 10 years in writing, is the latest book to discover hidden virtues in plain-spoken, "give 'em hell" Harry. The president is portrayed as a courageous leader willing to take unpopular causes: he sent the first civil rights message to Congress, desegregated the armed forces and led the world in recognising the state of Israel. It was Truman who ordered the atomic bomb dropped on Japan, who developed the H-bomb and who fired General Douglas MacArthur, a national hero, for insubordination in the Korean war, upholding the principle of civilian control over the military.

McCullough is at his best when

TRUMAN
By David McCullough
Simon & Schuster, \$30

describing Truman's Midwest roots, the Missouri of Mark Twain and Jesse James. A one-time bankrupt, Truman spent years struggling with debt. His family's financial troubles deprived him of a full education and forced him back after several disastrous business ventures that Truman concluded his future lay in politics, signing up with the powerful Pengelast machine which ruled Kansas City and later sent him, aged 50, to the US Senate. McCullough captures the man's stubborn confidence in his own ability, but also his sense of awe when he became president.

The book's chief weakness is that McCullough does not draw out the important lessons of the Truman years. Under President Truman, the US became a world power. The decline of Britain no doubt hastened America's assumption of world leadership, but it was by no means a foregone conclusion that the American public would support the activist role in foreign policy which they had earlier spurned. How Truman overcame these difficulties is a model of presidential leadership in action and a sober commentary on the drift and inaction in present day Washington.

In 1946-47, when the Soviet Union consolidated its hold over eastern Europe, Truman was still viewed as a caretaker president. In the November 1948 election, the Republicans captured majorities in the House and Senate, seemingly promising a stalemate between the executive and legislature. The political debate turned not on a prospective world leadership role for the US, but whether the new Congress would roll back the New Deal, slash

military spending and foreign aid, and go back to the isolationism of the 1920s.

A lesser man would have looked at the polls and packed his bags. But Truman elected to stand for what he thought was right for the country, rather than what he thought was politically expedient. He fought for foreign aid to Greece and Turkey in the spring of 1947 and won. Months later, his administration produced the Marshall plan, which dispersed billions of dollars to aid the economic recovery in western Europe.

The Marshall plan was based not only on American largesse, but also on a hard-headed calculation that the recovery of Germany and Japan served vital US interests. Far from being an example of American imperialism, the Marshall plan grasped an essential truth: that the strongest alliances are based not on subordination (pace Moscow's relations with its east European satellites) but on common democratic values and economic interdependence. This was the historic accomplishment of the Truman administration which underpins American power today, even though some of the institutions which supported the postwar liberal order such as Nato now require an overhaul.

Truman's other legacy is that he showed it was possible to be president and remain a human being. He was the wars 'n' all president who won the affection of the masses because he never lost touch with them. Today, the American public craves this authenticity. This year's presidential candidates, including Ross Perot, the rich man's version of Harry Truman, are desperately seeking to respond. Each could do a lot worse than read this book to understand what it takes to be the genuine article.

Lionel Barber

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ECONOMIC VIEWPOINT

The dubious case for Mark revaluation

By Samuel Brittan

The Bundesbank has long argued that if other countries do not like the effects of German interest rate policies, they can always realign against the German D-Mark — or for that matter float downwards. For neither the ERM, nor the projected Ecu, is a Bundesbank creation. But both have been — the Bundesbank protests a little too much — foisted upon it by the politicians. Indeed, at various times in the last few years, the Bundesbank has actually offered the French authorities a realignment, which the latter have adamantly refused.

The reasons why a general ERM realignment would not enable the UK to escape from present interest rate constraints have been explained dozens of times, most recently and cogently by the chancellor, Norman Lamont. These reasons apply to nearly all the hard core of Community countries, with the possible exception of Italy.

In brief it is that a devaluation would simply add to the risk premium that the market would demand for holding the non-German currencies. The extreme alternative of setting interest rates and ignoring the exchange rate — which is an exaggerated description even of Fed behaviour — would be a recipe for inflationary crisis for an ordinary European country.

Could there, however, be a unilateral German revaluation, which did not look like a devaluation by other countries, and which looked final enough for the markets not to expect further upward moves, and therefore not to increase the interest rate premium on non-German currencies?

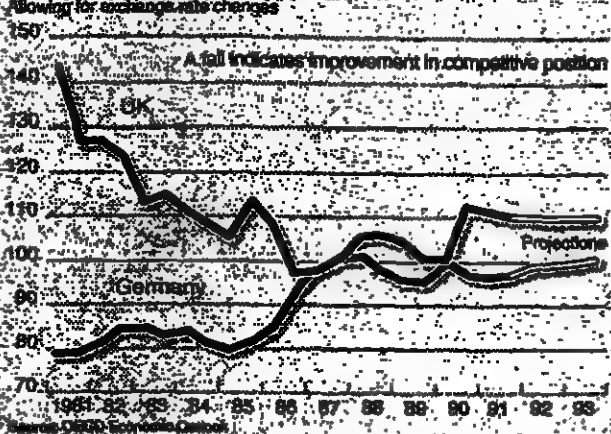
If, say, Italy and the UK both realigned downwards without France, it would clearly be a devaluation by both the former countries. We know that this will not happen in the case of the UK so long as John Major and Norman Lamont both remain at their present posts.

The essential condition that would make a realignment into a genuine German revaluation would be one in which France participated and in which most important countries outside Germany remained linked by present parities. It is more difficult to say whether a genuine revaluation would have also to be against Germany's smaller neighbours, such as the Benelux countries, Austria, Switzerland, Denmark and Sweden. But the more of these countries that stayed with France and did not move up with the D-Mark, the more the move would look like a genuine D-Mark revaluation.

Leaving aside the practicality, is the case for D-Mark

Competitive positions

Relative unit labour costs, 1987=100



Source: OECD, European Commission

revaluation as strong as the Bundesbank and mainstream economists suppose? I have always needed to be convinced and never quite have been.

Normally, high-inflation countries devalue and low-inflation countries revalue. The very fact that Germany has been losing its inflation advantage to France makes the case for revaluation a strange one. Even Britain has very much improved its competitive position against Germany in the last decade — admittedly starting from a position when sterling was much overvalued.

The conventional case for revaluation is that because of

pains. By 1991, the German current balance of payments had moved to a deficit of 1.2 per cent of GDP, and the OECD expects the deficit to remain in 1992 and 1993.

This swing of resources is a practical demonstration of the savings and investment approach to the balance of payments, which suggests that there will be a surplus if domestic investment opportunities fall short of local savings, but a deficit when such investment opportunities — in this case defined broadly to include all special expenditures in the east — run ahead of local savings.

The case for a revaluation from a German point of view is simply that it would represent a tightening of German monetary policy for any given level

of interest rates — just as the upward overshooting of, first, sterling, and then the dollar represented a tightening of policy for the UK and the US in the early 1980s. A revaluation would help Germany to reduce inflationary pressures more quickly. But how would other countries benefit?

The short answer is that they would only benefit if the Bundesbank regarded the appreciation of the D-Mark as a sufficient reason for maintaining a level of interest rates of a couple of percentage points or

Other countries would only benefit if the Bundesbank lowered interest rates as a result

German current balance

As a percentage of GDP



Source: OECD, European Commission

OBSERVER

Going for a song

The ghost of Yoshi Fujiwara must be smiling contentedly through Japan's economic gloom. While the Japanese may have ceased knocking back champagne, they are still coughing up handsomely for western opera, which the tenor Fujiwara first popularised there 40 years ago.

Around 2,500 of them have paid £2,350 apiece for tickets for tours by visiting opera companies over the next four years. Britain's Royal Opera, first on stage this month with Mozart, will be followed next year by counterpart companies from Berlin, Vienna and Milan. The ¥680,000 tickets, which cover 14 operas, have sold so well that the organisers have rationed sales to leave seats for people not rich enough to attend all the performances.

The British company has already touched not just the heart — but the purse-strings of Hiroto Higuchi, president of the tour's sponsor Asahi Breweries. Even though Asahi has not escaped unhurt from the troubles at the Royal Opera's Tokyo party he upped and pledged a contribution to the £250m renovation scheme for Covent Garden.

His hosts were so shocked that silence reigned until his words were digested, when it gave way to spontaneous applause. Asahi officials also appear to have been surprised — it took them two days to confirm the details of their president's promise.

Final shift

Meanwhile executives who complain of killing work schedules will perhaps count their blessings on comparing themselves with Mitsui official Jun Ishii.

His schedule literally killed him, the Labour Standards Inspection Office has just decided in Tokyo. The ruling entitles his family to government compensation on top of £125,860 already handed out by his company.

The fact that he was a white-collar worker makes the ruling a rare one. Although about 30 Japanese a year die of what is officially recognised as overwork, or *karoshi*, they are usually all blue-collar operatives. Ishii's case is the first of its kind to be accepted in Tokyo.

He was found dead, aged 47, in a Nagoya hotel room two years ago after a week in which he'd been kept too busy to take a day off. A Russian speaker, he had been recording four Russian clients visiting his company.

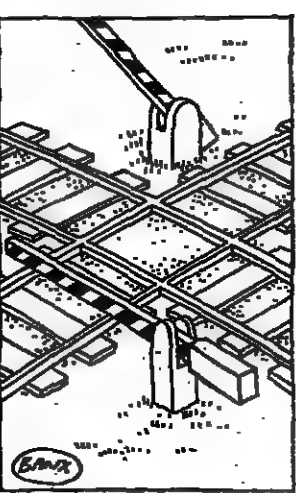
Peace auction

Although the European Community sponsored peace conference on Yugoslavia was started nearly a year ago, it has failed to set up a permanent secretariat. Hence its chairman Lord Carrington has been using the London premises of Christie's, the fine art dealers he also chairs, for talks with representatives from war-torn Bosnia-Herzegovina.

It's as if he is meeting us between auctions, said one senior Bosnian official, who holds the presidency of the Community, appeared to have made little effort in providing transport and a decent venue for talks affecting the lives of thousands of people in Bosnia.

First at the door of Christie's was Radovan Karadzic, head of the Serb irregulars still bombarding the eastern city of Goradze, despite yet another ceasefire promise by Karadzic.

A psychiatrist by training, he was chauffeured to and



from the premises in a blue Volvo, guarded by his usual coterie of heavies. Boris Yeltsin, Bosnia-Herzegovina's foreign minister, just took a taxi.

Deep pile

The auction-room peace talks contrast sharply with the London red carpets being rolled out for one Egon Klepsch. Yesterday, meetings with the prime minister and lord chancellor, the leaders of both opposition parties and the lord mayor of London, not to mention lunch with the foreign secretary. Today, an audience of the Queen, drinks with Commons speaker Betty Boothroyd, and chinwags with a further clutch of ministers.

Of course they, unlike most Britons, know that Klepsch is president of the European parliament. But his reception is to say the least a notch above any given to his predecessors in said office.

Could the reason be that he is a German Christian Democrat, who had a lot to do with arranging the admission of British Conservative MEPs into the

more below what would otherwise be the case. The UK Treasury in the late 1980s played with the rule by which each 4 per cent appreciation of sterling was equivalent to a 1 per cent rise in base rates.

In the absence of a similar sort of rule being allowed by the Bundesbank, Germany's partners would have little to gain from a revaluation. But unless all the conditions, outlined earlier in the article, were rigidly observed, they would risk losing their hard-won counter-inflationary credibility with nothing in return.

It is in no one's interest that Germany should lose its reputation for low inflation. But that should not mean a mechanistic pursuit of broad money targets for M3. The OECD attitude, if one attempts to translate its annual report on Germany out of OECD-speak, is that the Bundesbank is right to maintain high interest rates, but should not raise them further and should not take too seriously the overshooting of the official money target.

The OECD lists three plausible reasons why above-target rates of German monetary growth can be misleading.

First, revaluation may have changed at least the short-run relationship between the broad version of the money supply known as M3 and the national income. Second, the canvassed introduction of a withholding tax on interest incomes may also have affected this relationship. Third, and most interesting of all, "there is evidence of increased D-Mark hoarding and the use of the Mark as a parallel currency in east European countries".

These complications are reminiscent of Britain in the early 1980s when broadly defined money also became a treacherous guide to economic conditions. The similarity extends to the argument that an interest rate increase might worsen broad money growth in the short run, as the inverted yield curve encourages investors to place long-term funds on deposit at the banks.

Later in the 1980s the UK relationship between broad money and spending improved, just as broad money targets were abandoned — giving an interesting new twist to Goodhart's Law. What is probably required in Germany is a temporary above-target rate of monetary growth, which should then be steered back to a lower rate before a British-type credit boom can prevail. The first part of this course will be followed anyway, whatever decision the Bundesbank Council makes today, as it is far too late in the year to get German money supply growth back on track.

For Mr Thomsen, a catechism. Does he really believe that?

● Nissan is "no better" than the British car manufacturers which it has displaced in Britain's domestic and export markets?

● If Britain's car and TV industries had also received what he considers was the salutary punishment for inefficiency meted out to the British motor-bike industry — namely extinction — we would rapidly have found other ways of earning enough foreign exchange to import as many cars and TVs as we now enjoy? How might our friend the invisible hand have done it? Banking services? Tweeds and whisky?

● The North American Free Trade Area and the European Single Market are so small that Japanese investors have to forego available economies of scale?

● Japanese neo-mercantilist planners were mistaken in the 1950s when they decided to protect, invest in, and build future world competitiveness in industries which (a) had higher value-added per employee, and (b) had greater world-income elasticity of demand, and (c) kept them closer to the world frontiers of technological development, than those in which they currently had comparative advantage?

● In so doing they reduced world economic welfare?

For Prof Wood, may I lend him a recent paper by a current guru, Jagdish Bagwati, chief economic adviser to the General Agreement on Tariffs and Trade. He quite explicitly bewails the failure of theory to demonstrate that when two countries' prices differ trade always brings mutual advantages, no matter why they differ.

Ronald Dore, Centre for Economic Performance, London School of Economics, Houghton Street, London WC2A 2AE

Whitson's turn

Midland Bank and its new Hong Kong owner are still enjoying their honeymoon so nobody will be too upset about the abrupt departure from the Midland board of highly paid American, Gene Lockhart, and well connected Dutchman George Loudon. Evidently their faces just didn't fit any more.

They had, however, proved themselves in the market place — more than can be said for Keith Whitson, Midland's new 48-year-old deputy chief executive. Having joined the Hongkong Bank from school, he has worked his passage and so has more in common with most Midland Bankers than Loudon or Lockhart.

Nevertheless if Midland staff regard Whitson as just another safe pair of hands, they may be badly mistaken. In his days at Midland's new sister organisation, New York's Marine Midland, he helped reduce its assets by over a third and its staff by close to a quarter.

Heavy price

Whatever British Rail may think of the government's privatisation plan, it has certainly taken change on board by hoisting its fee for a cup of coffee to 81p. Train stewards dishing it out now have to lug around vast amounts of copper as change for the £1 coins they're invariably offered.

"A bizarre price," commented Observer's watchdog on the 10 am express to Cardiff. "Couldn't agree with you more," said the weary trolley-pusher.

LETTERS TO THE EDITOR

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The fatal threat to a Euro air industry

From Mr. Madron Seligman MEP

Sir, Since the late 1970s German governments have sought to re-establish the German aero-industry, but have found difficulty in obtaining finance to develop civil aircraft.

While German withdrawal from the European Fighter Aircraft (EFA) could release the necessary finance to strengthen a German presence in civil aircraft manufacture, it could fatally wound the European aero-industry as a whole.

The US aero-industry is in a towering commercial position with public finance for aeronautical research and development at 10 times that provided by west European governments together.

The lesson of the Boeing 747, an aircraft with a monopoly in its market sector, ought not to be lost on policymakers thinking of leaving US industry with the world's last high-performance fighter aircraft. The estimated profit on each Boeing 747 is \$60m. The unit price of EFA might be \$15m. How much would a US fighter aircraft cost the European taxpayer in the absence of a competitive machine?

Madron Seligman, deputy co-ordinator for energy research & technology of the Parliamentary Group of the European People's Party

UK should press for D-Mark to be revalued, says Kinnock

From Mr. Neil Kinnock MP

Sir, This morning I can write without having my words treated as formal Labour Party policy.

I do so to urge that the government takes a real lead amongst the ERM countries in pressing for an immediate revaluation of the D-Mark. If the prime minister and the chancellor of the exchequer have urged this step in their frequent meetings with their German counterparts in the last month, it has remained a rather better kept secret than usual. In any case, if they have been rebuffed they should — they must — keep on trying.

A D-Mark revaluation would reduce inflationary pressures in Germany — with complementary benefits in lower German interest rates, enhance the flow of capital into Germany required for reconstruction in the east and thereby, via higher German imports, contribute to higher output and employment throughout Europe. It would also allow

other ERM countries, Britain in particular, to avoid the heavy costs which loss of credibility would impose on any unilateral devaluation. If there are some ERM members — France might be an example — whose governments are against a D-Mark revaluation, the British government should exercise maximum influence and point out that they, too, should benefit from a revaluation as an alternative to the interest rate pressures which will inevitably persist given the combination of current exchange rates and inflationary pressures in Germany.

There are some who might argue that it would be unbecoming for the British government to try to persuade the Germans to aid the British economy and the rest of the Community by revaluation. But such an approach would be a great deal more elegant than Norman Lamont's plea to the Bundesbank not to increase interest rates. Much more important, it would be part of the package of mea-

dures in less than the traditional two hours. Last time, these procedures took precisely 1 hour 55 minutes. I see no reason for you to exaggerate!

Ghazi Algosabi, Ambassador, Royal Embassy of Saudi Arabia, London

For Prof Wood, may I lend him a recent paper by a current guru, Jagdish Bagwati, chief economic adviser to the General Agreement on Tariffs and Trade. He quite explicitly bewails the failure of theory to demonstrate that when two countries' prices differ trade always brings mutual advantages, no matter why they differ.

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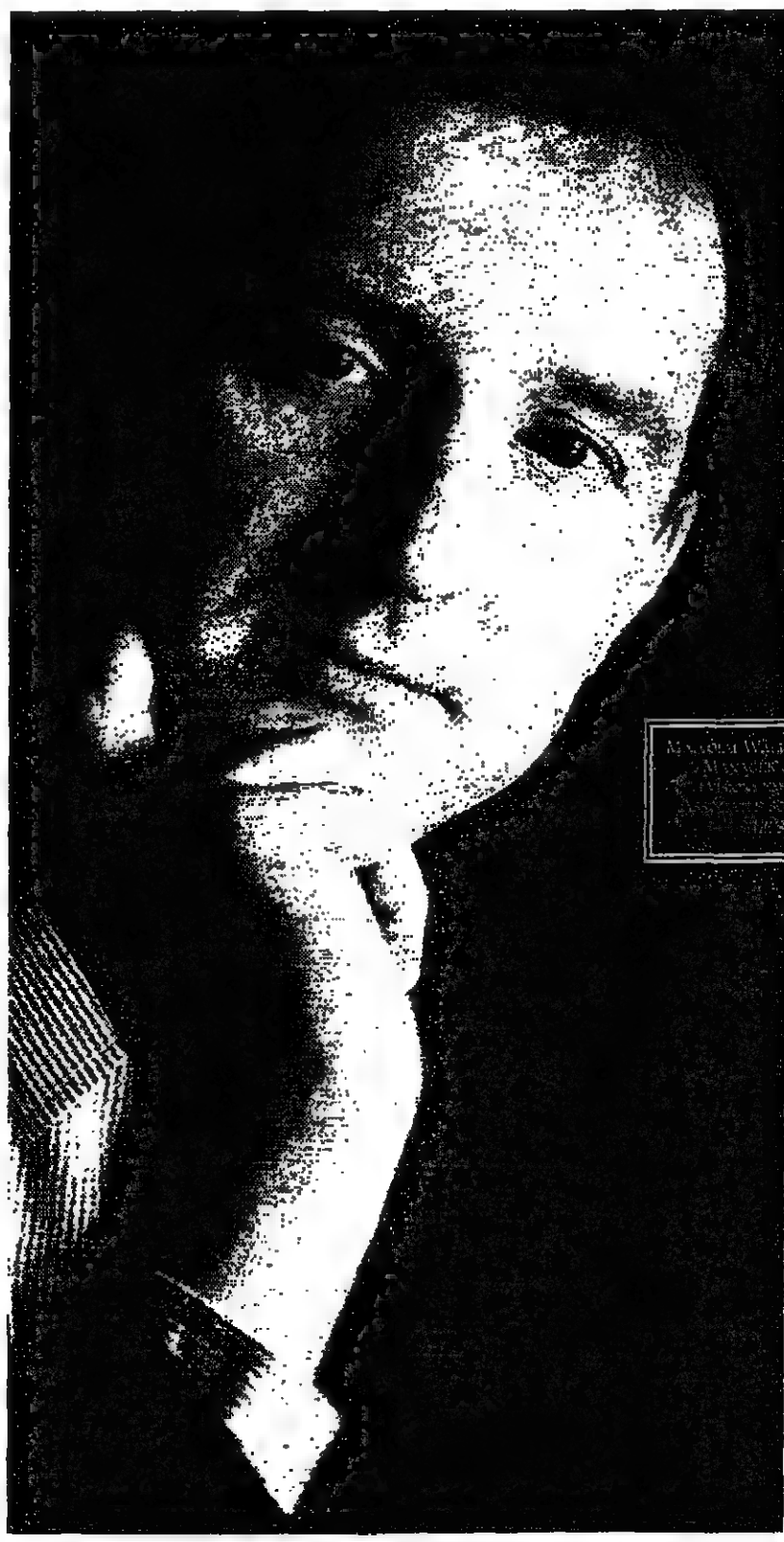
They had, however, proved themselves in the market place — more than can be said for Keith Whitson, Midland's new 48-year-old deputy chief executive. Having joined the Hongkong Bank from school, he has worked his passage and so has more in common with most Midland Bankers than Loudon or Lockhart.

Nevertheless if Midland staff regard Whitson as just another safe pair of hands, they may be badly mistaken. In his days at Midland's new sister organisation, New York's Marine Midland, he helped reduce its assets by over a third and its staff by close to a quarter.

Whatever British Rail may think of the government's privatisation plan, it has certainly taken change on board by hoisting its fee for a cup of coffee to 81p. Train stewards dishing it out now have to lug around vast amounts of copper as change for the £1 coins they're invariably offered.

"A bizarre price," commented Observer's watchdog on the 10 am express to Cardiff. "Couldn't agree with you more," said the weary trolley-pusher.

Software Star.



Granada Television (GTV) is arguably the most successful independent TV company in the UK, with an enviable 36-year record of broadcasting highly popular programmes such as Coronation Street and World in Action.

"There's a special skill in sustaining that relationship with a viewer," says Wall. "We've done so for many years, and our advertisers obviously appreciate it — in spite of last year's difficult trading environment our advertising turnover was £165 million."

Wall attributes this success to a hardworking sales team and flexible computer software. "We use the ADAGE airline sales system built exclusively on Computer Associates' CA-DATACOM* and CA-IDEAL* software products."

Wall recognised the benefits of adaptability a long time ago. "Once an ad goes out," says Wall, "you can't go back and resell the airtime. So we needed a key management tool to assess the best match of product versus audience viewing in a particular break."

The versatile CA product-based system provides much more than that, including direct links to agencies so they can see what their bookings are.

"The system has helped us to increase our market share substantially," says Wall.

It has also given them confidence in their ability to achieve future objectives. Wall explains: "The satellite boom and other big changes in the market are upon us. Thankfully, the CA products provide a very flexible base that enables us to constantly adapt the sales system as we enhance the way we sell."

"You can't predict the future, but with a system built on CA products we're ready for the next episode in our series of successes!"

COMPUTER ASSOCIATES
Software superior by design.

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Darmstadt, Germany
Telephone 0151 949-0

INSIDE

Sale of Cathay stake sets Chinese trend

The purchase by Chinese companies of a further 10 per cent of Cathay Pacific underlines a growing trend in Hong Kong for owners of business franchises to seek a mainland partner. The deal, in which China National Aviation Corporation and China Travel Service each bought a 5 per cent stake in the airline, was not about forging an all-China aviation and travel alliance, but about Cathay safeguarding its post-1997 future. Page 20

Taunton Cider offer fails to attract public support

The public has taken up only 30.1 per cent of the shares on offer in Taunton Cider, making the west country drinks group the latest new flotation to fail to attract widespread support. Meanwhile, Taunton's main competitor, Bulmer Holdings, reported a 19 per cent rise in pre-tax profits as the market continued to outperform all other drinks markets in the UK. Page 22

Banana blast

Ecuador's banana bonanza, which brought in \$715m last year, is threatened by mounting production and European Community measures to limit Latin American access to the European market. Although Ecuador more than doubled exports to Germany last year, producers are worried about future European sales. Page 24

Brazil bounces back

Brazil was the poorest performing market in June, while Turkey came out on top after several months of decline, according to emerging markets data provided by the IFC, part of the World Bank. Allegations of corruption against Brazil's president had prompted the decline, but most of the losses have since been recouped. Back Page

Osaka under scrutiny

Further restrictions on stock index trading at the Osaka Stock Exchange could be imposed if there is evidence of volatility in the underlying cash market. Japanese financial authorities have blamed futures and options trading on the OSE for distorting the cash market. Page 21

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Chief price changes yesterday

FRANKFURT (DM)		PARIS (FFC)	
Alcoa	720 + 13	For Lyssens	692 + 21
Anglian	710 + 10	Foote	
Anglian Group	570 + 25	AMF	480 - 13
Anglovaal	728 + 10	Bail	82 - 62
BBL	555.8 - 8	Dagbl	282 - 6
Barclays	448 - 11	Ernst	913 - 42
Baynes (Charles)		Ernst	728 - 21
Beckingham			
Bulmer (HP)			
CAE Inds			
Cable and Wireless			
Cathay Pacific			
Clarke Hooper			
Codan			
Crax Electronics			
Danmads Electrical			
Dun & Bradstreet			
Elonbrock Properties			
Fininvest			
First American			
Forenede			
GM			
General Dynamics			
Georgia-Pacific			
Hanson			
ING			
Intercontinental			

LONDON (Pence)		PARIS (FFC)	
Alcoa	329 + 12	AMF	85 - 9
Anglian	303 + 11	Dunns (T)	80 - 11
Anglian Group	303 + 16	Lyons (H)	80 - 11
Anglovaal	377 + 18	Lyons (H)	177 - 18
BBL	256 + 4	Phedon	167 - 6
Barclays	226 + 14	Pradford (A)	194 - 41
Baynes (Charles)	310 + 13	TrustWoodrow	70 - 6
Beckingham	303 + 13	UnionTrust	44 - 3
Bulmer (HP)	145 + 8	WPP	29 - 3
CAE Inds	138 + 9	Wyle (Jain)	29 - 3
Cable and Wireless		Wyle	57 - 3
Cathay Pacific			
Clarke Hooper			
Codan			
Crax Electronics			
Danmads Electrical			
Dun & Bradstreet			
Elonbrock Properties			
Fininvest			
First American			
Forenede			
GM			
General Dynamics			
Georgia-Pacific			
Hanson			
ING			
Intercontinental			

Fare wars push AMR to \$166m loss

By Nikki Tait in New York

AMR, parent company of American Airlines and one of the "big three" carriers in the US, yesterday led what is likely to be a dismal quarterly reporting season for the US airline industry, with a \$166m loss after tax in the three months to the end of June.

Mr Robert Crandall, American's chairman, described the figures as "an enormous disappointment". He blamed domestic fare wars and rising fuel costs. "Operating results were very adversely affected by the need to match discounted fares of our competition, and secondly, by continuing increases in fuel prices," he said.

Part of the deficit came from one-off items - a \$100m provision on a now-suspended hotel and car reservation system project, and \$9m to cover American's share of a recent class action settlement.

But even without these items, AMR would have posted an after-tax loss of \$48m, or 64 cents a share, compared with a \$10m profit in the same three months a year earlier. At the operating level, there was a small profit, but a 14.1 per cent rise in operating expenses year-on-year, to \$3.53bn, outweighed the 12.3 per cent increase in revenues at \$3.58bn.

In April, American tried to overhaul domestic ticket pricing by eliminating its numerous discount offers in favour of a four-tier fare system. Mr Crandall admitted the initiative had been undermined. "Our competitors have chosen to continue filing many different fares, thus proliferating complexity and preventing value pricing from working as it should. Thus, despite strong traffic growth in the second quarter, yield declined by 3.6 per cent - a very unfortunate result."

The Dallas-based company was one of only two US carriers to make a profit in the first three months of 1992. However, the second-quarter deficit means AMR is now posting a net loss of \$146m for the first half, on revenues of \$7.09bn. In the first six months of 1991, there was a \$155m deficit, on revenues of \$5.96bn.

AMR had already warned of a second-quarter loss and the airline's operating results were better than some pundits had feared. Shares in AMR closed up 11% at \$65 1/2 yesterday.

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Michiyo Nakamoto charts the search for rewards from technology

Patents trade becomes a booming business

Current wisdom in the electronics industry is that "if you can't sell your product, sell your technology". As competition and economic slowdown eat away at profits, the trade in patents is becoming a growing number of adherents.

The trend to seek rewards for technological developments is encouraging an increasing number of companies to search their portfolios for patents on which they might be able to capitalise.

Furthermore, companies which believe their technology is being used by competitors who have not made royalty payments for the privilege are increasingly willing to turn to the courts to fight for their cause.

In the past few months Intel, the semiconductor manufacturer, has filed suits against Chips and Technologies (which has counter-sued Intel) and Cyrix, while Wang, the computer company, has brought actions against Mitsubishi Electronics America and NMB Technologies.

The trend towards protecting intellectual property is spreading as the financial gains from licensing technology increase.

"It's a booming business and there is lots of money to be made in it if you have a patent," says Mr Lane Mason, principal analyst at Dataquest, the high technology consultants, of San Jose, California. He estimates that last year, publicly-known licensing fees that were paid in the semiconductor industry alone came to roughly \$300m, compared with about \$80m in 1986.

Texas Instruments has made more money in the past two years collecting royalties on its semiconductor patents than it has from selling semiconductors.

The Dallas-based group made a loss from operations in both 1990 and 1991, but collected \$428m during that time in royalty revenues.

from its competitors. In the five years since 1987 it has received in excess of \$1.2bn in royalty revenues alone.

Honeywell, the US controls manufacturer, this year enjoyed a rise in first-quarter income from \$71.8m in 1991 to \$116.8m, helped by a \$127m settlement it won from Minolta, the Japanese camera group, over a patent infringement dispute.

The US has set an example that Europe and Far Eastern groups are beginning to follow.

Philips, the Dutch electronics group, has agreed to assist in the licensing of patents owned by Mr Gilbert Hyatt, an American scientist entrepreneur.

SGS-Thomson recently asked the US International Trade Commission to investigate the sale by several Taiwanese semiconductor companies and importers of certain integrated circuits, which it says infringe its patents.

Japanese electronics companies, which for many years had silently watched competitors in Korea build up their semiconductor manufacturing capability, have begun to initiate licensing agreements with Korean manufacturers.

The trend has sprouted law firms and organisations specialising in intellectual property rights. "More companies are starting to understand that intellectual property should be a major strategic asset," says Mr Melvin Sharp, president of Innovation Strategies, a consultancy set up specifically to advise companies on how to make use of their intellectual property.

These moves reflect a marked change of attitude among electronics companies towards patented technology.

While the electronics industry was still in its infancy, technologies were licensed widely at low

prices in the hope that greater use would establish them as de facto industry standards, says Mr Osamu Ohtake, president of Semicon Research, a consultancy.

But as R&D costs have risen and competition intensified, the pioneers of technologies, many of them in the US, have not been able to make the necessary returns on investments in the marketplace, where they have been battered by competition from the Far East. They have been forced to turn instead to royalty payments as a source of revenue.

"Intellectual property is becoming a new commodity that's being priced at whatever the market can bear," says Mr Mason.

The companies blame rising R&D costs for the trend. "A company cannot go on indefinitely investing billions of dollars in R&D without obtaining a reasonable return on its investment," Texas Instruments says.

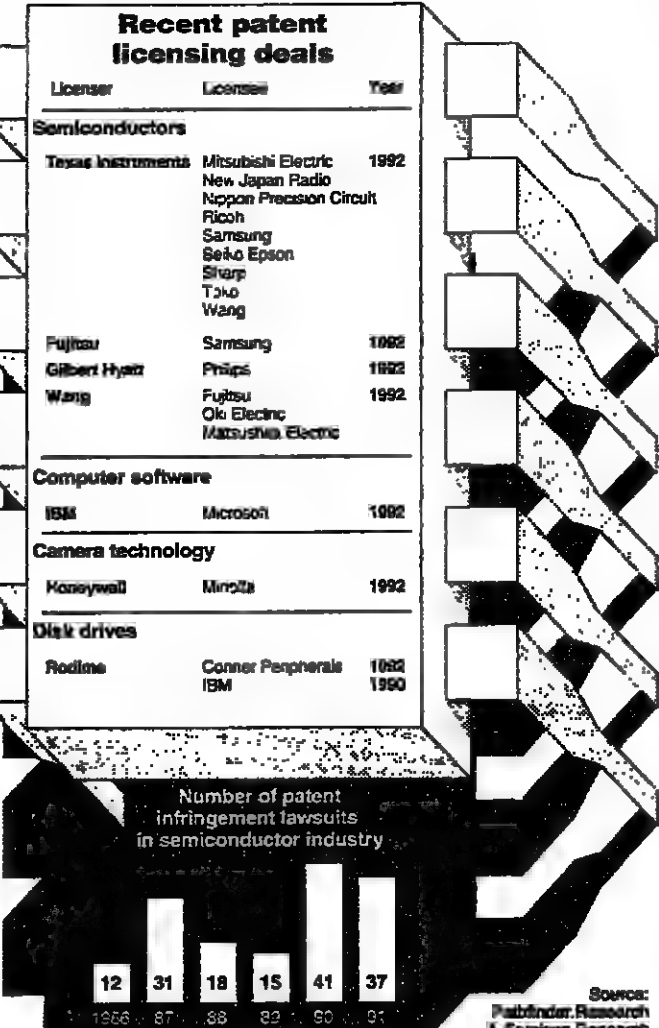
The group invested \$2bn in R&D between 1986 and 1990, during which time it was able to recoup \$700m through royalty payments, which were aided in part by court actions against six Japanese semiconductor manufacturers.

The amount of time and money spent by companies on legal action over patent disputes and the spiralling costs of licensing technology are, however, raising cries of alarm in the industry.

The number of legal disputes involving semiconductor manufacturers, for example, trebled from 12 in 1986 to 37 last year, according to a recent joint study by Pathfinder Research of the US and Semicon Research in Japan.

With amounts being sought for royalties skyrocketing, companies being asked to pay up have started to resist.

Sanyo, the Japanese electronics



group which was in negotiation with Texas Instruments over renewing a licensing agreement, recently started court action against the US group, charging it with misuse of patent rights and anti-trust violations.

Earlier this year, Fujitsu, the Japanese computer and electronics group, filed a petition in Tokyo seeking a court determination that a Texas Instruments patent does not apply to Fujitsu products.

The aggressive stance of the patent holders is such that some in the industry believe there could even be a shift in the balance of power away from com-

panies which succeed on the strength of their low-cost manufacturing and marketing ability, in favour of those which have patented technologies.

Intel, the US semiconductor manufacturer, for example, has been able to dominate a highly lucrative sector of the semiconductor market for years, by refusing to license its microprocessor technology.

But there is growing concern in the industry that if more companies took a similar stance or if licensing prices were allowed to continue to rise as they have done recently, the effects on competition could be detrimental.

Fininvest profits fall 68% to L61bn after Mondadori purchase

By Robert Graham in Rome

FININVEST, the media, retailing and investment group controlled by Mr Silvio Berlusconi, the Italian magnate, saw 1991 net profits fall 68 per cent to L61bn (\$44m).

The sharp reduction reflected the effects of absorbing the publishing group Mondadori, purchased last year largely on the basis of new borrowing. As a result, the group's net debt rose 21 per cent last year to L2,388bn - higher than analysts expected - and compared with net assets of L1,178bn.

The Mondadori purchase also showed that last year's growth in sales was generated by acquisitions. The group's consolidated turnover rose 38 per cent from L7,561bn to L10,086bn. With Mondadori stripped out, sales growth fell to 14 per cent.

Fininvest, which is Italy's third largest private group after Fiat and Ferruzzi-Montedison, invested heavily, with L1,588bn spent on cinema and television rights, supporting its core media business. The group predicted 1992 consolidated turnover could reach L12,500bn.

In spite of the stagnant state of the Italian economy, the group claimed that increased efficiency led to a 10 per cent rise in operating profits to L544bn. However, this was not reflected in after-tax profits because of growing financial costs.

The Berlusconi family controls all but 10 per cent of minority stakes in the group's two publicly quoted companies, Mondadori and Standa, the store chain. The group, which is Europe's largest media empire after Germany's Bertelsmann, gave no hint at yesterday's annual meeting of any future floatations.

Fininvest SPA, the holding company, recorded net profits of L4.9bn against L2.9bn in 1990 and it was decided to reinvest the profit.

Among the poorest performing activities were the group's property interests which grew 5.5 per cent reflecting the decline in the Italian market. The Standa chain also saw sales scarcely grow above inflation to L4,028bn.

The group's media activities have come under the scrutiny of the media ombudsman in Italy after newspaper editors and other television competitors claimed Mr Berlusconi was stifling competition and manipulating the advertising market.

Mr Berlusconi is contesting a ruling to cap television advertising receipts.

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Mr Berlusconi is contesting a ruling to cap television advertising receipts.

Sun bid for Norwegian insurer fails

By Richard Lepper in London

SUN ALLIANCE, the UK's biggest composite (life and general) insurer, has failed in its attempt to acquire Norway's fourth-largest life insurance company, Forenede.

The bid, which was launched in January through Sun's Danish subsidiary Codan, was seen as an important step in the UK insurer's strategy of expanding in the Scandinavian insurance market.

However, the Copenhagen-based Codan, which is 71.5 per cent owned by Sun Alliance, notified the Oslo stock exchange yesterday that it was withdrawing its bid to acquire Forenede.

The announcement removed any lingering hopes that the bid, which had valued Forenede at \$72m (\$137.5m), could proceed, following last month's decision

by the Norwegian finance ministry to award a permit to acquire the company to Gjensidige



Dividends

- St Helena 100 cents per share
- Grootevlei 25 cents per stock unit
- Buffelsfontein 100 cents per share
- Stilfontein and West Rand Cons pass their interim dividends

GOLD MINING COMPANIES' REPORTS FOR THE QUARTER ENDED 30 JUNE 1992

All companies mentioned are incorporated in the Republic of South Africa

The GROOTEVLEI
Proprietary Mines Limited

Company Registration No. 01/0208/00

Another good quarter

Issued capital - 11 438 516 stock units of 25 cents each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	118 000	177 000	235 000	354 000
Yield (g/t)	5.3	5.3	5.3	5.3
Gold produced (kg)	625	938	1 563	1 872
Working revenue (R'000)	32 218	32 509	64 727	65 018
Working costs (R'000)	30 085	28 597	58 682	57 184
Working income (R'000)	2 133	3 912	6 045	7 834
Gold price received (R/kg)	32 159	32 423	32 289	32 349
	348	388	368	354
FINANCIAL RESULTS (R'000)				
Working revenue	30 136	30 154	60 290	60 208
Working costs	18 178	17 730	35 908	35 000
Working income	11 958	12 424	24 382	25 208
Sundry income - net	1 806	1 826	3 632	3 658
Tribute payments - net	143	80	223	223
Income before taxation and State's share of income	13 723	14 222	28 193	28 293
Taxation and State's share of income	(618)	(1 103)	(1 701)	(1 801)
Income after taxation and State's share of income	13 105	13 119	26 492	26 492
Capital expenditure	1 648	528	2 176	2 176
Dividend declared	2 390	-	2 390	-
DEVELOPMENT				
Advanced on reef (m)	305	207	512	289
Advanced on reef (m)	218	159	377	218
Channel width (m)	112	148	260	154
Average value - gold (g/t)	10.7	14.0	15.1	15.1
Average value - gold (g/t)	2 310	2 082	2 172	2 172

REMARKS

- Estimated capital expenditure for the next six months - R4.6 million.
- Hedging profits of R22 000 from the forward sale of 8 081 ounces of gold are included in working revenue. Contracts for 13 715 ounces are still outstanding at an average price of R22 414 per kilogram.
- Interim Dividend No 107 of 25 cents per stock unit was declared.

Beatrix mine
(A division of Buffelsfontein Gold Mining Company Limited)

Better development values

In terms of an agreement, 18 percent of the distributable income from the Beatrix mine is attributable to Buffelsfontein and 82 percent to Beatrix Mines Limited.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	121 174	188 028	289 202	426 102
Yield (g/t)	6.0	6.0	6.0	6.0
Gold produced (kg)	722	1 127	1 849	2 554
Working revenue (R'000)	32 022	32 881	64 903	65 762
Working costs (R'000)	22 400	22 480	44 880	44 960
Working income (R'000)	9 622	10 401	20 023	20 802
Gold price received (R/kg)	32 057	32 652	32 350	32 350
	347	390	368	358
FINANCIAL RESULTS (R'000)				
Working revenue	28 372	28 888	57 260	57 717
Working costs	18 837	18 848	37 685	37 884
Working income	9 535	10 040	19 575	19 833
Sundry income - net	2 489	2 228	4 717	4 456
Income before taxation and State's share of income	12 024	12 268	24 292	24 289
Taxation and State's share of income	(1 258)	(1 258)	(2 516)	(2 516)
Income after taxation and State's share of income	10 766	11 010	21 776	21 773
Capital expenditure	1 845	2 350	4 195	4 700
Dividend declared	2 000	-	2 000	-
DEVELOPMENT - Beatrix Reef				
Advanced on reef (m)	9 400	9 188	18 588	18 588
Advanced on reef (m)	2 281	2 172	4 453	4 453
Channel width (m)	112	148	260	154
Average value - gold (g/t)	10.7	14.0	15.1	15.1
Average value - gold (g/t)	2 310	2 082	2 172	2 172

REMARKS

- Estimated capital expenditure for the next six months - R4.5 million.
- Hedging profits of R2 882 000 from the forward sale of 12 925 ounces of gold are included in working revenue. Contracts for 82 450 ounces are still outstanding at an average price of R22 414 per kilogram.

ST. HELENA
Gold Mines Limited

Company Registration No. 05/20745/05

Reorganisation completed

Issued capital - R 625 000 ordinary shares of R1 each.
- R 625 000 'A' cumulative preference shares of R1 each.
- R 625 000 'B' cumulative preference shares of R1 each.
- R 625 000 'C' cumulative preference shares of R1 each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	181	181	362	362
Yield (g/t)	5.3	5.3	5.3	5.3
Gold produced (kg)	950	950	1 900	1 900
Working revenue (R'000)	32 180	32 180	64 360	64 360
Working costs (R'000)	30 159	30 159	60 318	60 318
Working income (R'000)	2 021	2 021	4 042	4 042
Gold price received (R/kg)	32 180	32 180	32 180	32 180
	348	348	348	348
FINANCIAL RESULTS (R'000)				
Working revenue	29 989	29 989	59 978	59 978
Working costs	28 386	28 386	56 772	56 772
Working income	1 603	1 603	3 206	3 206
Sundry income - net	6 887	6 887	13 774	13 774
Income before taxation and State's share of income	8 490	8 490	16 980	16 980
Taxation and State's share of income	(2 870)	(2 870)	(5 740)	(5 740)
Income after taxation and State's share of income	5 620	5 620	11 240	11 240
Capital expenditure	6 954	6 954	13 908	13 908
Dividend declared	2 238	1 829	4 067	4 067
DEVELOPMENT				
Advanced on reef (m)	311	217	528	328
Advanced on reef (m)	217	159	376	217
Channel width (m)	112	148	260	154
Average value - gold (g/t)	10.7	14.0	15.1	15.1
Average value - gold (g/t)	2 310	2 082	2 172	2 172

REMARKS

- Estimated capital expenditure for the next six months - R3.0 million.
- 1 100 employees have been retrenched as a result of the reorganisation necessitated by the lower gold price.
- Treatment of asbestos by First State Consolidated Gold Mines (Operations) Limited yielded a profit of R1.3 million for the quarter.
- Hedging profits of R1 820 000 from the forward sale of 16 738 ounces of gold are included in working revenue. Contracts for 41 700 ounces are still outstanding at an average price of R22 414 per kilogram.
- Interim Dividend No 74 of 100 cents per ordinary share was declared.

BRACKEN
Mines Limited

Company Registration No. 59/0125/05

Shaft pillar out

Issued capital - 14 000 000 shares of 50 cents each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	9 584	16 988	26 572	43 128
Yield (g/t)	12.5	12.5	12.5	12.5
Gold produced (kg)	119	212	251	539
Working revenue (R'000)	32 110	32 110	64 220	64 220
Working costs (R'000)	28 088	28 088	56 176	56 176
Working income (R'000)	4 022	4 022	8 044	8 044
Gold price received (R/kg)	32 110	32 110	32 110	32 110
	348	348	348	348
FINANCIAL RESULTS (R'000)				
Working revenue	18 105	18 105	36 210	36 210
Working costs	16 887	16 887	33 774	33 774
Working income	1 218	1 218	2 436	2 436
Sundry income - net	3 061	3 061	6 122	6 122
Income before taxation and State's share of income	4 279	4 279	8 558	8 558
Taxation and State's share of income	(2 409)	(2 409)	(4 818)	(4 818)
Income after taxation and State's share of income	1 870	1 870	3 740	3 740
Capital expenditure	1 638	1 638	3 276	3 276
Dividend declared	(107)	-	(107)	-
DEVELOPMENT - Kimberley Reef				
Advanced on reef (m)	16	24	40	40
Advanced on reef (m)	-	11	11	11
Channel width (m)	-	11	11	11
Average value - gold (g/t)	-	145.4	112.3	112.3
Average value - gold (g/t)	-	2 035	1 430	1 430

REMARKS

- Estimated capital expenditure for the next six months - R1.0 million.
- The shaft pillar extraction programme has been successfully completed. Mining is now limited to a few high-grade remnants.
- Hedging profits of R453 000 from the forward sale of 4 635 ounces of gold are included in working revenue. Contracts for 10 100 ounces are still outstanding at an average price of R22 414 per kilogram.

STILFONTEIN
Gold Mining Company Limited

Company Registration No. 05/23412/06

Surface dump operation downsized

Issued capital - 13 082 820 shares of 50 cents each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	1 544	1 544	3 088	3 088
Yield (g/t)	5.3	5.3	5.3	5.3
Gold produced (kg)	82	82	164	164
Working revenue (R'000)	32 159	32 159	64 318	64 318
Working costs (R'000)	30 085	30 085	60 170	60 170
Working income (R'000)	2 074	2 074	4 148	4 148
Gold price received (R/kg)	32 159	32 159	32 159	32 159
	348	348	348	348
FINANCIAL RESULTS (R'000)				
Working revenue	12 606	12 606	25 212	25 212
Working costs	12 051	12 051	24 102	24 102
Working income	555	555	1 110	1 110
Sundry income - net	1 018	1 018	2 036	2 036
Tribute payments - net	30	30	60	60
Income before taxation and State's share of income	(263)	(263)	(526)	(526)
Taxation and State's share of income	5 000	5 000	10 000	10 000
Income after taxation and State's share of income	4 737	4 737	9 474	9 474
Capital expenditure	745	745	1 490	1 490
DEVELOPMENT				
Advanced on reef (m)	79	79	158	158
Advanced on reef (m)	40	40	80	80
Channel width (m)	112	148	260	154
Average value - gold (g/t)	10.7	14.0	15.1	15.1
Average value - gold (g/t)	2 310	2 082	2 172	2 172

REMARKS

- Estimated capital expenditure for the next six months - R1.0 million.
- Only tonnage from the surface dumps was treated during this quarter.
- Hedging profits of R360 000 from the forward sale of 3 138 ounces of gold are included in working revenue. Contracts for 7 850 ounces are still outstanding at an average price of R22 414 per kilogram.
- Rehabilitation of surface areas is in progress.
- The surface dumps are now being treated at a rate of 125 000 tons per month. This results from reducing the treated size fraction to improve the recovery grade.

WEST RAND
Consolidated Mines Limited

Company Registration No. 01/0178/00

Plant clean-up operations started

Issued capital - 4 250 000 ordinary shares of R1 each.
- 25 000 deferred shares of R2 each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Mined (m)	18 132	22 182	40 314	40 314
Yield (g/t)	5.3	5.3	5.3	5.3
Gold produced (kg)	950	1 127	1 849	2 554
Working revenue (R'000)	32 022	32 881	64 903	65 762
Working costs (R'000)	22 400	22 480	44 880	44 960
Working income (R'000)	9 622	10 401	20 023	20 802
Gold price received (R/kg)	32 057	32 652	32 350	32 350
	347	390	368	358
FINANCIAL RESULTS (R'000)				
Working revenue	18 878	18 888	37 766	37 717
Working costs	18 837	18 848	37 685	37 884
Working income	41	40	81	81
Sundry income - net	6 291	6 291	12 582	12 582
Income before taxation and State's share of income	6 332	6 332	12 663	12 663
Taxation and State's share of income	(5 377)	(5 377)	(10 754)	(10 754)
Income after taxation and State's share of income	955	955	1 909	1 909
Capital expenditure	42	15	57	57
DEVELOPMENT				
Advanced on reef (m)	79	79	158	158
Advanced on reef (m)	40	40	80	80
Channel width (m)	112	148	260	154
Average value - gold (g/t)	10.7	14.0	15.1	15.1
Average value - gold (g/t)	2 310	2 082	2 172	2 172

REMARKS

- Estimated capital expenditure for the next six months - R1.0 million.
- Underground mining operations have been substantially reduced and 1 284 employees were retrenched.
- Hedging profits of R240 000 from the forward sale of 2 053 ounces of gold are included in working revenue. Contracts for 8 288 ounces are still outstanding at an average price of R22 414 per kilogram.
- Three independent parties have expressed interest in making an offer to acquire the property. They are presently carrying out their due diligence investigations.
- As a result of the limited tonnage from underground, the plant clean-up has started.

Oryx mine

(A division of St. Helena Gold Mines Limited)

Shaft sinking nearing completion

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	6 months ended 30.6.1992	6 months ended 30.6.1991
OPERATING RESULTS				
Ore milled (mt)	181	181	362	362
Gold produced (kg)	950	950	1 900	1 900
FINANCIAL RESULTS (R'000)				
Net income before taxation	236	436	721	721
Capital expenditure	90 330	83 790	174 120	174 120

REMARKS

The new adit-level ventilation shaft, which was equipped and commissioned in the December quarter, has operated well in its temporary use for hosting development rock, whilst sinking of the main adit shaft continues.

The adit shaft, which is 1 275.5 metres below collar is within 50 metres of its final depth. 25 Level station excavation is in progress.

WINKELHAAK

Mines Limited

Company Registration No. 550004070

Shaft project shelved

Issued capital - 12 180 000 shares of R1 each.

	Quarter ended 30.6.1992	Quarter ended 30.6.1991	9 months ended 30.6.1992	9 months ended 30.6.1991
OPERATING RESULTS				
Mined (mt)	312 828	115 788	327 590	327 590
Crushed (mt)	479 000	458 000	1 418 500	1 418 500

All of these securities have been previously sold. This announcement appears as a matter of record only.

New Issue

7,250,000 Shares

The Emerging Markets Telecommunications Fund, Inc.

Common Stock

The New York Stock Exchange symbol is ETF

BEA Associates—Investment Adviser

International Offering

3,625,000 Shares

This portion of the underwriting was offered outside the United States.

Bear, Stearns International Limited

Merrill Lynch International Limited

Nomura International

PaineWebber International

S.G. Warburg Securities

James Capel & Co. Limited

Vestrust Securities Inc.

Swiss Bank Corporation

ABN AMRO Bank N.V.

Inverlat International Inc.

InverMexico USA, Inc.

InverWorld, Ltd.

MBA

Nacional Financiera, S.N.C.

NMB Postbank Groep

OBSA International, Inc.

Merchants Bankers Association

Probusa International Inc.

Quadrup SA

United States Offering

3,625,000 Shares

This portion of the underwriting was offered in the United States.

Bear, Stearns & Co. Inc.

A.G. Edwards & Sons, Inc.

Nomura Securities International, Inc.

PaineWebber Incorporated

Alex. Brown & Sons

Credit Lyonnais Securities (USA) Inc.

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Donaldson, Lufkin & Jenrette

Goldman, Sachs & Co.

Kemper Securities Group, Inc.

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The Ohio Company

The Principal/Eppler, Guerin & Turner, Inc.

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D. A. Campbell Company, Inc.

First Equity Corporation

First Southwest Company

J. J. B. Hilliard, W. L. Lyons, Inc.

Josephthal Lyon & Ross

Sanders Morris Mundy Inc.

June 1992

Bank of Greece

ECU 200,000,000

Floating Rate Notes due 1997

In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 15th October, 1992, has been fixed at 11.51563% per annum. The interest accruing for such three month period will be ECU 294.29 per ECU 10,000 and ECU 2,942.88 per ECU 100,000 Bearer Note, on 15th October, 1992, against presentation of Coupon No. 2.



13th July, 1992

London Branch
Agent Bank

Postipankki Ltd

US \$50,000,000

Subordinated Floating Rate
Notes Due 2000

For the interest period 15th July, 1992 to 15th January, 1993 the Notes will carry an interest rate of 3 3/4% per annum with an interest amount of US \$90.03 per US \$5,000 Note, payable on 15th January, 1993.

Bankers Trust
Company, London

Agent Bank

U.S. \$300,000,000



Crédit Lyonnais

Subordinated
Floating Rate Notes Due 2000

Interest Rate	5% per annum
Interest Period	18th July 1992 19th January 1993
Interest Amount per U.S. \$10,000 Note due 19th January 1993	U.S. \$259.72

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INTERNATIONAL COMPANIES AND FINANCE

General Dynamics profits at \$65m

By Martin Dickson
in New York

GENERAL Dynamics, the US defence contractor which is selling off peripheral businesses, yesterday reported second-quarter earnings of \$65m from continuing operations, up from \$33m in the same period of last year.

The 1991 figure excluded a \$140m gain from a tax adjustment, which pushed last year's income figure up to \$173m.

The company sold its Cessna business aircraft operations in the first quarter of this year, and is in the process of selling other businesses with combined turnover of some \$2bn.

It recently completed a tender offer in which it will spend \$957m to buy back shares from investors. The plan involves returning to shareholders the excess cash being generated by the disposal programme.

The company's results from continuing operations worked

through to earnings of \$1.46 a share, compared with 77 cents in 1991, without the tax gain, and \$4.06 with the gain. Sales in both periods totalled \$1.6bn.

Earnings from the businesses up for sale, which are not included in continuing operations, totalled \$21m, compared with \$38m a year ago. However, the 1991 total included \$17m from the now-sold Cessna.

The company's tactical mil-

tary aircraft operations recorded operating earnings of \$49m, up from \$45m, while nuclear submarines made \$31m, compared with \$30m; armoured vehicles \$28m, against \$25m; and space launch systems made a reduced loss of \$7m, compared with \$25m.

The figures were also helped by the first-quarter retirement of \$350m in debt, with net interest outgoings of \$12m last year becoming a \$7m inflow this quarter.

US pulp and paper group breaks even for quarter

By Martin Dickson

GEORGIA-PACIFIC, the US forest products group, has reported break-even results for the second quarter, with a sharp drop in pulp and paper profits partly offset by a big rise in lumber income.

The company announced earlier this month that its results would be "slightly better than break-even". This proved worse than analysts' expectations and produced a drop in its share price.

The break-even figure, compared with net income of \$29m, or 34 cents a share, in the second quarter of last year when the company was helped by a \$29m after-tax gain on the sale of forests. Sales for the latest quarter, at \$3bn, were unchanged from last year.

The building products side reported operating profits of \$163m, up from \$132m, while paper and pulp dropped from \$105m to \$42m.

Mr Marshall Hahn, chairman, said although pulp prices and demand had continued to improve, the company's communication papers, tissue and bleached board businesses continued to face excess capacity and depressed prices. Demand remained strong in container board.

For the six months, the company reported net income of \$5m, or 6 cents a share, on sales of \$5.88bn, against a net loss of \$44m, or 51 cents, last year on sales of \$5.76bn.

Alcan's European venture called off

ALUMINUM Company of America's expansion plans in Europe were dented yesterday when it ended joint-venture talks with Alusuisse-Lonza.

The original intention was to invest \$375m (\$219m) to modernise and expand most of Alusuisse's aluminium operations in Switzerland.

Shipments were a record 389,400 metric tons, up 2.6 per cent from 379,700 last year.

Sprint improves despite costs

By Martin Dickson

SPRINT, the third-largest US long-distance telephone company, yesterday reported a 6 per cent increase in second-quarter net income. The improvement came despite a sharp drop in profits from its long-distance business because of new product marketing.

The company reported net income of \$94m, or 43 cents a share, on revenues of \$2.38bn, compared with income of \$89m, or 41 cents, on sales of \$2.21bn, in the same period of last year.

However, its long-distance income totalled \$45m on revenues of \$1.38bn, down from \$73m on revenues of \$1.36bn.

last year. Long-distance time bought increased by 3.3 per cent.

Mr William Esrey, chairman, blamed the profits decline on increased sales, marketing, and advertising expenses in the launch of three new products, aimed mainly at the residential and small business markets.

Those products, in turn, reflect the intense competition for market share between Sprint and its larger long-distance rivals, AT&T and MCI.

Sprint's local telephone operations, which are shielded from full competition, reported a 7 per cent increase in operating income, from \$166m to

\$178m, on revenues up from \$696m to \$743m. The company said access lines had grown at an annual rate of 3.5 per cent during 1992.

The company's other businesses produced operating income of \$18m on revenues of \$219m, up from \$18m on revenues of \$217m.

For the first half, Sprint reported net income of \$330m, or \$1.05 a share, up from \$173m, or 79 cents, in the first half of last year.

The 1992 figure was helped by an accounting change worth 17 cents a share. Excluding that, net income was up 12 per cent. Revenues totalled \$4.49bn, against \$4.37bn.

TRW net result surges to \$60m

By Karen Zagor in New York

TRW, the US automotive, space and information services group, yesterday posted a 48 per cent improvement in second-quarter operating income to \$158m from \$106m.

The company was boosted by strong gains from its automotive operations offsetting declines from its space and defence business.

Sales advanced 9 per cent in the quarter to \$2.16bn from \$1.96bn.

The company's net profits were nudged by special items in both years. Including one-time items, TRW had second-quarter net income of \$80m, or

88 cents a fully-diluted share, against \$44m, or 39 cents, a year earlier.

In the 1992 quarter, after-tax earnings were lifted by \$4m, or 7 cents, from the sale of an investment. A year earlier, the company took an after-tax charge of \$18m, or 29 cents, on the divestment of a European automotive business.

Wall Street reacted enthusiastically to the results, marking TRW's shares 1 1/4 higher to \$56 1/4 at mid-day.

Mr Joseph Gorman, chairman and chief executive, attributed the company's earnings improvement to cost-reductions and higher sales volume on the back of investments in

air bag and steering systems.

For the first half of 1992, TRW lifted net income to \$101m, or \$1.56, compared with \$58m, or 96 cents. Sales rose 7 per cent to \$4.19bn from \$3.90bn while operating profits advanced 35 per cent to \$255m from \$219m.

TRW's automotive business brought in operating profits of \$88m on sales of \$1.21bn in the second quarter, compared with \$31m on sales of \$1.02bn a year earlier.

The space and defence segment saw operating profits slide to \$55m from \$32m last year on sales which edged 3 per cent lower to \$742m from \$754m.

Weak prices hit Reynolds Metals

By Barbara Durr in Chicago

DESPITE record shipments, weak aluminium prices continued to depress earnings at Reynolds Metals, the second-largest US aluminium group.

The company reported second-quarter net income of \$33.1m, or 56 cents per share, a 46 per cent drop from last year's \$61.4m, or \$1.04. Revenues in the quarter ended June 30 were \$1.49bn, compared with \$1.52bn a year ago.

Shipments were a record 389,400 metric tons, up 2.6 per cent from 379,700 last year.

Reynolds' efforts to cut costs helped contribute to earnings in spite of the poor prices, according to Mr Richard Holder, chairman.

He said demand was up, particularly in the US, and the company and the industry were seeing strong order rates. However, prices remained weak because of continued worldwide oversupply due to recession in some countries, substantial new capacity in the industry, and CIS exports.

Mr Holder said he expected producer inventories to continue to rise moderately and

for prices to remain weak through the summer. However, he believed prospects should improve in the autumn.

The company's shipments have increased for cans, consumer and packaging products, residential building materials and international fabricated products.

In the first half, net income was \$45.4m, or 78 cents per share, on revenues of \$2.82bn, compared with \$85.9m, or \$1.50, on revenues of \$2.89 last year.

Shipments in the first half were 727,100 metric tons, up from 701,800 a year ago.

Dun & Bradstreet net increases to \$128.8m

By Karen Zagor

DUN & BRADSTREET, a leading US business information group, yesterday posted second-quarter net income of \$128.8m, or 72 cents a share, compared with \$119.1m, or 67 cents, a year ago.

The company has restated its 1991 results to reflect new accounting standards and the recognition of revenue for software services.

Revenues eased slightly to \$1.16bn from \$1.17bn, reflecting the divestiture of the communications unit of the company's IMS International division.

Revenue growth for Dun & Bradstreet's current portfolio of businesses rose about 3 per cent in the quarter.

For the first six months, the company had net income of \$227m, or \$1.37, against \$217.5m, or \$1.23, a year earlier. Operating revenue slipped to \$2.27bn from \$2.29bn.

The company said it expected growth for the year to exceed that of 1991, but did not expect to "get all the way to Dun & Bradstreet's long-term goals". It also expects second-half earnings per share to be stronger than in the first half in spite of the uncertain worldwide economic outlook.

Rise at American Home Products fails to please

By Karen Zagor

AMERICAN Home Products, the US pharmaceutical group, yesterday turned in second-quarter net income of \$396.1m, or 84 cents a share, up 12 per cent from the previous year's earnings of \$365.2m, or 84 cents.

Sales in the three months to June 30 rose 8 per cent to \$1.76bn from \$1.62bn.

Although sales and earnings hit record second-quarter levels, the rate of growth slowed from the first quarter, and Wall Street was disappointed with the results.

At mid-session, shares in

American Home Products were \$1 1/4 lower at \$73 in active trading.

For the first half of 1992, the company's net income rose 14 per cent to \$702.4m, or \$2.22, from \$617.7m, or \$1.96. Sales grew 11 per cent to \$3.75bn from 3.38bn.

Sales growth was led by the company's pharmaceutical operations, which saw second-quarter sales rise 12 per cent to \$1.04bn.

Consumer healthcare sales advanced 7 per cent to \$314.8m, while medical supplies and diagnostic products recorded sales of \$195.5m, up 2 per cent in the quarter.

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Treviso Court registration No. 15576
Tax Code and vat No. 01413940261

PAYMENT OF DIVIDEND

Stockholders are informed that the dividend is payable from July 16, 1992 on presentation of coupon no. 6 at the Company's registered offices or at the usual Financial Institutions, as indicated in the notice convening the Stockholders' meeting.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements as of December 31, 1991 were available to the Stockholders present at the General Meeting and have also been lodged with the Stock Exchange and the Committee of Stockbrokers. Copies are available, on request, from the Company's registered offices.

for the Board of Directors
GIUSEPPE STEFANEL
Chairman

INTERNATIONAL COMPANIES AND FINANCE

Revised warning at Cigna hits share price

By Nikki Tait in New York

CIGNA, one of the largest composite insurers in the US, warned yesterday that its second-quarter results would be below analysts' expectations.

It gave no specific reason, and made the announcement at the instigation of the New York Stock Exchange. Cigna shares fell by 1 1/4% on Tuesday to \$65 1/4, before trading was halted. When trading resumed yesterday morning, Cigna lost another 2 1/4% to \$63 1/4.

Analysts had already been predicting a fall in earnings, year-on-year when Cigna reports figures for the quarter on August 3. Earnings per share were forecast, on average, to be around \$1.25, compared with \$1.39 in the same period a year earlier.

Most pundits had expected a good performance from the life and health business, but warned that the property-casualty operations would be hit by heavy catastrophe losses - including the impact of the Los Angeles riots, the London bombings, and weather-related claims in the US.

Cigna's mortgage loan portfolio is also seen as a problem area, with the US west coast property market continuing to weaken.

CAE settles US military contract suit

By Robert Gibbons in Montreal

CAE Industries of Canada has settled for US\$55.9m a US\$931m action filed by the US government against its CAE-Link subsidiary.

CAE-Link will pay US\$22.5m. BiCoastal of the US is responsible for the balance.

CAE Industries, the world's leading commercial flight simulator builder, did not admit liability in the case. The US Department of Justice claimed CAE-Link, which specialises in military systems and training, overcharged the government on contracts carried out between 1983 and 1988, and sought triple damages.

Link was owned by the former Singer Corp at the time of the alleged offences. CAE Industries bought Link in August 1988 and, in November 1989, Singer filed for US Chapter 11 bankruptcy protection and became BiCoastal.

CAE maintained it did not know of any pending lawsuits when it bought Link.

The Justice Department, as part of the settlement, agreed CAE-Link did not admit liability, legal fault or responsibility for the alleged offences.

Senior creditors led by the Royal Bank of Canada, and owed about C\$1bn (US\$900m), have agreed to exchange debt for stock in a new company emerging from the restructuring of Central Capital, a fast-growing financial services group.

Asset sales boost First American

By Alan Friedman in New York

FIRST AMERICAN Bankshares, the Washington-based bank that, according to the US Federal Reserve, was secretly and illegally controlled by the collapsed Bank of Credit and Commerce International (BCCI), announced a quarterly profit for the first time in two years.

The bank, which suffered heavy losses in 1991, said it achieved net profits of \$3.2m in the three months ended June 30. This compared with a \$52.3m loss a year ago.

The 1992 second-quarter results were boosted by \$10.1m of gains on the sale of First

American assets in Georgia and \$7.4m of gains on the sale of securities.

Mr George Davis, named chief executive of First American last January, said plans for the sale of all the bank's assets were going ahead.

He said the Federal Reserve last Friday approved the bank's capital plan and its timetable for the asset sale.

Total assets of First American, which in 1991 fell from \$11bn to \$8.4bn, declined to \$6.5bn in the first six months of 1992.

The decrease was attributed to the Georgia asset disposal, continued weak demand for loans and a lower level of investments.

The bank's total equity base, which shrank last year from \$711m to \$422m, declined to \$388.6m by the end of last month. Deposits, which fell from \$98m to \$7.1bn, slumped to \$5.6m in the first half of 1992.

The bank attributed \$841.4m of the decrease to the sale of Georgia assets and the balance to the run-off of certificates of deposit.

Non-performing assets were \$638m at the end of the second quarter, down from \$623m at the end of last year.

The bank's trusteeship plan would implement a March 1991 Fed order that instructed BCCI to divest itself of shares in First American held by Credit

& Commerce American Holdings NV (CCH), an offshore holding vehicle that featured several nominee shareholders described by the Fed last year as "front men" for BCCI.

Controversy over First American has focused largely on state and federal investigations of Mr Clark Clifford and Mr Robert Altman, respectively the former chairman and president of the bank, who resigned last August.

Both have denied having known of BCCI's secret control of First American, although former BCCI officials have testified in the US Senate to the contrary. First American itself has not been accused of any wrongdoing.

Polaroid improves to \$35.5m

By Karen Zagor in New York

POLAROID, the US photography group, unveiled a \$2.5 per cent improvement in second-quarter net income to \$35.5m from \$36.5m a year earlier.

Polaroid's 1991 results were distorted by a pre-tax gain of \$11m which was partly offset by preferred dividend payments of \$10.1m.

The company retired its preferred stock towards the end of 1991, so there were no preferred dividend payments in the latest quarter.

Polaroid had primary earnings per share of 74 cents in the latest quarter against 38 cents last year.

Sales advanced 7 per cent to \$657.7m from \$521.4m. US sales grew 4 per cent to \$300.6m, while international sales rose 11 per cent to \$257.1m, due partly to a weaker US dollar.

Mr L. MacAllister Booth, Polaroid's chairman and chief executive, has not changed the company's earnings projections for the full year.

"We still believe we can meet our 1992 financial goals and deliver a level of profitability that approximates 1991's operating performance," he said.

He added that the company was tightly managing expenditures because of the uncertain and difficult

worldwide economy.

Polaroid will incur higher marketing expenses when it launches two new products later this year.

The company benefited from a lower effective tax rate in the latest quarter of 34 per cent, compared with 44 per cent the previous year.

Polaroid said shipments of all of its significant product lines increased during the quarter.

For the first half, Polaroid had net income of \$41.7m, or 88 cents, against \$43.2m, or 46 cents, in the same period of 1991. Sales rose 3 per cent to \$999m.

Cuts of GM office staff start

GENERAL MOTORS said it would eliminate about 4,725 jobs in the reorganisation of its marketing, corporate communications and other corporate staff functions, Renter reports.

The company said the cuts were part of the 9,000 white collar jobs it had planned to eliminate by the end of 1992.

It added that the job cuts and other changes were the latest big management move in the creation of GM's North American Operations (NAO), which now manages GM's North American vehicle and components operations.

GM plans to reduce its 13,500-employee central corporate by 70 per cent or 9,450 jobs.

Healthy sales help lift Motorola 23% to \$146m

By Martin Dickinson in New York

MOTOROLA, the electronics and semiconductor manufacturer, reported a 23 per cent rise in second-quarter net income, powered by strong sales increases in most of its product areas.

The company reported net income of \$146m, or \$1.09 a share, compared with \$119m, or 90 cents, in the same period of last year. Sales rose from \$2.6bn to \$3.14bn.

For the six months, the company reported net income of \$278m, or \$2.05 a share, compared with \$235m, or \$1.78, on sales which rose from \$5.56bn to \$6.59bn.

Motorola's semiconductor products sales rose 21 per cent to \$1.08bn and operating profits from the section increased.

The company said all sales regions saw strong order

growth, apart from Japan.

Orders rose most rapidly in the communications, distribution, personal computer/workstation and consumer markets. In communications businesses, sales grew 11 per cent to \$872m and operating profits rose.

General systems sales rose 11 per cent to \$821m, but operating profits were flat. Information systems saw sales up to \$160m and made a profit, against a loss a year ago.

The automotive and industrial electronics group lifted sales 8 per cent but operating profits were lower.

Motorola said it would be adopting during the fourth quarter a new accounting standard for post-retiree health benefits and this was expected to entail an obligation of \$190m to \$300m, which would be recognised immediately.

Europe dents Maytag

MAYTAG, the US household appliance group, yesterday said deteriorating business in Europe offset improved North American sales and resulted in a slightly lower operating net for the second quarter, Reuter reports.

The group reported a net profit of \$23.3m, or 22 cents a share, compared with \$18.8m, or 18 cents, after a charge of \$10m, or 6 cents for a plant closure.

Maytag said results were

slightly lower when compared with year-ago net before the charge. Sales edged down to \$770m from \$778m a year ago.

The company's North American appliance group had sales of \$667.4m, against \$668m a year ago. But operating income of \$46.3m was off 10 per cent because of start-up costs for a new dishwasher plant and several new electric range models, and the cost of discontinuing operations at its previous dishwasher facility.

No generic brand of investment banking has our power to cross borders.

<p>This announcement appears as a matter of record only.</p> <p>May 30, 1992</p> <p>Beiersdorf AG</p> <p>has sold a majority interest in its cardiovascular drugs subsidiary, Beiersdorf GmbH, to</p> <p>Eli Lilly and Company</p> <p>Weir and Co. Inc. is the sole owner of Beiersdorf AG.</p> <p>PaineWebber International</p>	<p>June 9, 1992</p> <p>BENCKISER</p> <p>The Benckiser Group</p> <p>has acquired from</p> <p>Pfizer Inc.</p> <p>the worldwide cosmetics business incorporated in its</p> <p>Coty Division</p> <p>We warrant the statements and accounts in this announcement to be true. A. Benckiser GmbH</p> <p>PaineWebber Incorporated</p>	<p>May 14, 1992</p> <p>Hero</p> <p>Hero AG</p> <p>has acquired from</p> <p>Hero Foods (UK) Limited</p> <p>the assets of</p> <p>Carters</p> <p>Drinks Group</p> <p>Carters Drinks Group Limited</p> <p>We warrant the statements and accounts in this announcement to be true. Hero AG and Hero Foods (UK) Limited</p> <p>PaineWebber International</p>
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<p>Beiersdorf AG</p> <p>has acquired from</p> <p>Juvena International AG</p> <p>JUVENA</p> <p>We warrant the statements and accounts in this announcement to be true. Beiersdorf AG</p> <p>PaineWebber International</p>	<p>BENCKISER</p> <p>Joh. A. Benckiser GmbH</p> <p>has acquired from</p> <p>the European cosmetics business of</p> <p>SmithKline Beecham plc</p> <p>We warrant the statements and accounts in this announcement to be true. Benckiser GmbH</p> <p>PaineWebber Incorporated</p>	<p>BENCKISER</p> <p>Joh. A. Benckiser GmbH</p> <p>has acquired from</p> <p>Lancaster Group (USA) Inc.</p> <p>the assets of</p> <p>Germaine Monteil</p> <p>and</p> <p>Lancaster</p> <p>We warrant the statements and accounts in this announcement to be true. Benckiser GmbH</p> <p>PaineWebber Incorporated</p>	<p>MCP Foods, Inc.</p> <p>has acquired from</p> <p>Borden, Inc.</p> <p>the assets of</p> <p>Firmenich Inc.</p> <p>at the close of</p> <p>Firmenich International S.A.</p> <p>We warrant the statements and accounts in this announcement to be true. MCP Foods, Inc. and Firmenich International S.A.</p> <p>PaineWebber Incorporated</p>
<p>Cadbury Schweppes</p> <p>Cadbury Schweppes plc</p> <p>has acquired from</p> <p>Crush International, Inc.</p> <p>the assets of</p> <p>The Procter & Gamble Company</p> <p>We warrant the statements and accounts in this announcement to be true. Cadbury Schweppes plc</p> <p>PaineWebber Incorporated</p>	<p>Faberge, Incorporated</p> <p>has acquired from</p> <p>ELIZABETH ARDEN</p> <p>the assets of</p> <p>Unilever United States, Inc.</p> <p>a wholly owned subsidiary of</p> <p>Unilever N.V. and Unilever PLC</p> <p>We warrant the statements and accounts in this announcement to be true. Faberge, Incorporated</p> <p>PaineWebber Incorporated</p>	<p>la prairie</p> <p>La Prairie, Inc.</p> <p>has acquired from</p> <p>Beiersdorf AG</p> <p>We warrant the statements and accounts in this announcement to be true. La Prairie, Inc.</p> <p>PaineWebber Incorporated</p>	<p>Wyndham Foods, Inc.</p> <p>has acquired from</p> <p>President Enterprises Corp.</p> <p>We warrant the statements and accounts in this announcement to be true. Wyndham Foods, Inc.</p> <p>PaineWebber Incorporated</p>

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All of these Securities having been sold, this announcement appears as a matter of record only.

NEW ISSUE July 1992

Cantab.
pharmaceuticals plc

1,000,000 American Depositary Shares
Representing
1,000,000 Ordinary Shares

600,000 American Depositary Shares

PaineWebber International Oppenheimer & Co., Inc.

BNP Capital Markets Limited Cragnot & Partners
Capital Investment (UK) Ltd.
Robert Fleming & Co. Limited Nomura International
N M Rothschild & Sons Limited UBS Phillips & Drew Securities Limited
S.G. Warburg Securities

This offering was offered outside the United States and Canada.

400,000 American Depositary Shares

PaineWebber Incorporated Oppenheimer & Co., Inc.

This offering was offered in the United States.

20

Table with 4 columns: Bid, Offer, Bid, Offer. Rows include various financial data points and interest rates.

CORRECTION NOTICE
ISTITUTO BANCARIO SAN
PAOLO DI TORINO S.P.A.
LONDON BRANCH
ECU 150,000,000
FLOATING RATE
DEPOSITARY RECEIPTS
DUE 1997
PLEASE READ.
Amount:
XEU 54, for the
denomination of XEU 1 000
XEU 545, for the
denomination of XEU 10 000
XEU 5447, for the
denomination of XEU 100 000

PERNOD RICARD
FRF 400,000,000
EQUITY-LINKED ZERO
COUPON NOTES DUE 1995
Notice is hereby
given pursuant to
Condition 5 (C) (2) of the
Terms and Conditions of the
Notes that the following
adjustment is made, effective
as of 1st July 1992, as a
result of the division of the
nominal value of 1 share
PERNOD-RICARD by 4:
"C1" means after adjustment
FRF 304.25
(in lieu of FRF 1,217)
THE PRINCIPAL
PAYING AGENT,
SOGENAL
SOCIETE GENERALE GROUP
15, AVENUE EMILE REUTER
LUXEMBOURG



Republic of Iceland U.S. \$125,000,000

Floating Rate Notes due 2000

Holders of Floating Rate Notes of the above issue are hereby notified that for the interest period from 17th July 1992 to 19th January, 1993 the following information will apply:

1. Rate of Interest: 5.25% per annum
2. Interest Amount payable on Interest Payment Date:
US \$271.25
Per US \$10,000 Nominal or
US \$6,781.25
Per US \$250,000 Nominal
3. Interest Payment Date:
19th January, 1993

Agent Bank
Bank of America International Limited

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Beijing connection should prove to be just the ticket

Cathay Pacific's share sale to Chinese companies underlines a growing trend, writes Simon Holberton

THE purchase by Chinese companies of a further 10 per cent of Cathay Pacific underlines a growing trend in Hong Kong for owners of business franchises to seek a mainland partner.

China National Aviation Corporation, a subsidiary of China Aviation Administration Corporation (CAAC), and China Travel Service each bought a 5 per cent stake in the airline from Hongkong and Shanghai Banking Corp for nearly HK\$3.4bn (US\$440m).

The deal was not about forging an all-China aviation and travel alliance, but about Cathay safeguarding its post-1997 future.

Although both companies approached Cathay about purchasing a stake in the airline, it was more than willing to act as go-between for them and Hongkong Bank. It was singularly well placed to do so as its chairman sits on the bank's board.

In spite of the Swire group's generally good relations with Beijing, Cathay - in which Swire Pacific owns a 51.8 per cent interest - has had more than its fair share of problems with CAAC. CAAC resents Cathay's pre-eminent position in Hong Kong and would

dearly love to have aviation rights which would allow it to operate out of Hong Kong.

CAAC is a very powerful corporation in China, with important contacts in China's military.

It is believed to be behind the difficulties the British and Hong Kong governments are having with China over the ratification of air service agreements with third countries.

However, as one senior Cathay executive noted this week, the company hoped that CAAC's 5 per cent holding would improve co-operation and communication between the two. "We hope that it will help CAAC to accept that a successful Cathay Pacific is in their interests," he said.

Cathay's post-1997 future is underwritten by the Joint Declaration on Hong Kong which the UK and China signed in 1984. It provided for Hong Kong remaining a "centre of international and regional aviation" and said that airlines incorporated in Hong Kong "may continue to operate".

The company's fortunes depend, therefore, on the way China manages Hong Kong after 1997 and the extent to which it observes the letter and spirit of the Joint Decla-

tion. But Swire does have good connections in China, and Cathay has forged an alliance with Beijing-controlled Citic Pacific to run Dragonair - a small carrier plying the profitable China routes, in competition with CAAC, and now branching out to Thailand, Vietnam, and southern Japan.

US\$100m directly in the colony. That figure does not count its exposure to the stock market which, while unknown, is believed to be great. Next to US and British investors, mainland interest has been leading players in taking the Hang Seng index to above the 6,000 level.



Cathay has forged an alliance with Citic Pacific to run Dragonair, a small carrier plying the profitable China routes.

To many of the colony's leading businessmen there is no better way of safeguarding Hong Kong's future than by China having a direct commercial stake in the place.

That stake is large, and growing. It has been estimated that the mainland has invested

added piquancy in Hong Kong. Many of the old British companies in the colony are dependent on the continuing goodwill of the Chinese authorities for their survival.

Ever since Jardine Matheson shocked Hong Kong in 1984 with its decision to move its domicile to Bermuda, the large and not so large of the colony's businesses have sought refuge from an uncertain future through various ways, many involving tie-ups with Beijing-controlled entities.

Part of the reason for the Hongkong Bank's acquisition of Midland Bank was to diversify its asset base away from Hong Kong. Its headquarters are now in London and its lead regulator is there. Others have had to make their accommodations on the ground in Hong Kong.

In early 1990, Cable and Wireless sold 30 per cent of Hongkong Telecommunications - the colony's monopoly supplier of telecoms - to Beijing-owned Citic Hong Kong. In 1987, it acquired 12.5 per cent of Cathay Pacific, which it sold last year to its listed subsidiary, Citic Pacific.

Citic Pacific is run by Mr Larry Yung, the son of Citic's chairman Mr Rong Yiren -

known as China's "red capitalist". Operators of Hong Kong's container terminals have seen it in their interests to involve mainland partners in their business.

In April, Modern Terminals Limited, arranged for China Merchants to take a 18 per cent interest in the company at a cost of US\$175m. In 1989, Hutchison Whampoa sold China Resources a 10 per cent interest in Hongkong International Terminals for HK\$1.32bn.

Only the electricity and gas industries have been immune from this trend. Neither Hongkong Electric, which is controlled by Hutchison Whampoa, nor China Light and Power (CLP), which is controlled by the Kadoorie family, have felt the need to involve China in a direct equity participation.

However, CLP has given China something it needs: technology transfer.

It was instrumental in building China's first commercial nuclear power plant with Electricite de France at Daya Bay, north-west of Hong Kong. It also supplies Guangdong with electricity generated by its thermal power plants.

World International improves

By Simon Davies
in Hong Kong

WORLD International, the Hong Kong holding company for the late Sir Yue-kung Pao's listed corporate empire, announced a 5 per cent increase in profits which totalled HK\$976.5m (US\$126.3m) after tax and minority interests for the year to March 1992.

This included only a nine-month contribution from 44 per cent-owned associate Wharf Holdings, the largest group company, which changed its accounting year-end from March to December. With an annualised contribution from Wharf, the parent company would have registered a 24 per cent rise in profit.

Group earnings were boosted by a strong performance from Hongkong Realty and Trust, the property development company, which announced its profits had increased by 104 per cent to HK\$359m.

Retailing contributions remained weak, with luxury store operator Lane Crawford showing only marginal growth, due to the impact of the Gulf war and to increased competition from Japanese department stores and other luxury boutiques in Hong Kong.

The outlook for World is positive for the current year. Growth is expected to come from the sale of its Parc Oasis property development and from an improving retail environment.

Wharf also is expected to

increase substantially its property portfolio, and it will make a full-year contribution to earnings.

World has focused on the potential for growth of the Pearl River delta.

Mr Peter Woo, chairman, said that the company had purchased a 99,000 sq ft site in central Guangzhou (Canton) for a joint venture residential and commercial development.

The company is looking at a number of other property developments across the Chinese border.

Earnings per share increased to 47.7 cents from 45.3 cents and the directors recommended a 17 per cent increase in the dividend pay-out to 24.5 cents per share, up from 21 cents.

Anglovaal advances to R48.6m

ANGLOVAAL, the South African mining company, announced a rise in combined profits for its four gold mines to R48.6m (\$15.4m) in the quarter ending June 30, compared with R42.3m in the preceding quarter. Reuter reports from Johannesburg.

The rise was due to improved tonnages and grades at three of the four mines, as well as cost-cutting measures.

The group's gold production rose to 10,408 kg from 10,190 kg. Loraine Gold Mines was the only mine to report a loss, which was the result of retrenchment costs of R4.6m. Hartbeestfontein was the only mine to pay tax.

Petrochemicals under pressure in South Korea

SOUTH Korea's petrochemical companies are seeing a contraction of their profits in spite of expanding capacity and a high level of exports, AP-DJ reports from Seoul.

The Trade and Industry Ministry said Korean companies exported petrochemicals worth \$1.1bn in the first five months of this year, a rise of 82 per cent from \$605m for the same period in 1991. The ministry hoped petrochemical exports would reach \$1.4bn in 1992.

However, according to a preliminary study by Daewoo Securities, many companies, including HanYang Chemicals and Lucky, were expected to report only small increases or a fall in earnings for the first half of the year, even though their sales were expected to

rise by about 10 per cent. Daewoo Chemicals was expected to report a loss, said Mr Lee Bong-shik, a manager at Daewoo Securities.

A supply glut has forced companies to cut prices of some products to half the previous year's levels.

To compete with low-cost south-east Asian producers, Korean companies have been shipping products at prices which cover only essential costs.

Korean petrochemical companies ship 80 per cent of their exports to the south-east Asian region, where many petrochemical plants are under construction. But other south-east Asian countries are expected to restrain imports to protect their fledgling industries.

Notice to Holders
of
Puttable Capital Notes
of

Republic New York Corporation

Holders of the Puttable Capital Notes, of Republic New York Corporation are hereby notified of the resignation of Bankers Trust Company, as Trustee under the Indenture, dated as of January 15, 1987, as supplemented and restated as of December 1, 1988, pursuant to which such Holders' Notes were issued and are outstanding.

Republic New York Corporation has appointed Citibank, N.A., as Successor Trustee under the Indenture, which appointment has been accepted and will become effective as of the opening of business on August 14, 1992 (the "Effective Date").

Holders are further notified of the resignation of Bankers Trust Company (New York City and London), Banque Indosuez Luxembourg (Luxembourg), Swiss Bank Corporation (Basle) and Banque Indosuez Belgique S.A. (Brussels) as paying agencies effective at the opening of business on the Effective Date. Republic New York Corporation has appointed Citibank, N.A. (New York City, London and Brussels), Citicorp Investment Bank (Luxembourg) S.A. (Luxembourg), and Citicorp Bank (Switzerland) (Zurich) as replacement paying agencies, which appointments have been accepted and will become effective at the opening of business on the Effective Date.

The Corporate Trust Office of Citibank, N.A. is located at 120 Wall Street, 13th Floor, New York, New York 10043, except that: (1) with respect to the (a) presentation of Registered Securities for payment, (b) presentation of Registered or Bearer Securities for registration of transfer and exchange for Registered Securities, (c) delivery of Capital Securities Election Forms and Put Election Forms with respect to Registered Securities, together with such Registered Securities, and (d) location of the Security Register, such office is located at 111 Wall Street, 5th Floor Securities Window, New York, New York 10043. Attention: Corporate Trust Services; and (2) with respect to the (a) presentation or surrender of Bearer Securities, coupons and talons for payment or exchange and (b) delivery of Capital Securities Election Forms and Put Election Forms with respect to Bearer Securities, together with such Bearer Securities, the agency offices are located at the following addresses:

Citibank, N.A.
Citibank House
336 Strand
London WC2R 1HB
England

Citicorp Investment Bank
(Luxembourg) S.A.
16, Avenue Marie Therese
Luxembourg

Citibank, N.A.
Avenue de Tervueren, 249
B1150 Brussels
Belgium

Citicorp Bank (Switzerland)
63, Bahnhofstrasse
CH8021 Zurich
Switzerland

Republic New York Corporation
425 Fifth Avenue
New York, New York 10018

NOTICE TO THE HOLDERS
OF THE 1,000,000
CALL WARRANTS SGA
SOCIETE GENERALE
ACCEPTANCE N.V.
ISSUED ON JUNE 3, 1991
TO ACQUIRE FRENCH
FOOD COMPANIES
BASKETS OF SHARES
BSN, PERNOD-RICARD,
SAINT LOUIS AND
SOURCE PERRIER

Notice is hereby given
pursuant to Condition 9 of
the Terms and Conditions of
the Warrants that the
following adjustments are
made, effective as of
1st July 1992, as a result of
the division of the nominal
value of 1 share
PERNOD-RICARD by 4.

The new definition of the
basket, according to
Condition 1 of the Terms and
Conditions of the Warrants is
adjusted as follows: Basket
means a set of securities
consisting of four
components being: 5 shares
of Groupe BSN, 3 shares of
SAINT LOUIS, 3 shares of
SOURCE PERRIER
(unchanged) and 12 shares
of PERNOD-RICARD
(in lieu of 3 shares).

The exercise of fifty warrants
will entitle a warrantholder to
purchase the new basket of
shares hereinafter described
upon payment of the
Denominated Amount of FRF
14.970 (unchanged)

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Alaska Housing Finance Corporation

U.S. \$125,000,000
Floating Rate Notes due July 2001

Notice is hereby given that the Rate of Interest has been fixed at 3.725% p.a. and that the interest payable for the current interest period 17th July, 1992 to 19th January, 1993 on the relevant Interest Payment Date 19th January, 1993 in respect of U.S.\$10,000 nominal of the notes will be U.S.\$192.48.

Agent Bank
Bank of America International Limited
16th July, 1992.

REPOLA LTD
(formerly in the name of United Paper Mills)
US\$ 100,000,000 Floating Rate Notes Due 1995
Notice is hereby given that the Rate of Interest has been fixed at 3.8375% and that the interest payable on the relevant Interest Payment Date January 19, 1993 against Coupon No. 6 in respect of US\$100,000 nominal of the Notes will be US\$1,993.37.
July 16, 1992, London
By: Citibank, N.A. (Issuer Services), Agent Bank CITIBANK

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Read all about it in *FutureMoney*, plus forecasts for currencies, bonds, stockmarkets and commodities.
Call John Feldschueen for a sample issue
Tel: London 71 439 4961 or Fax: London 71 439 2665

INTERNATIONAL DEPOSITARY RECEIPTS
REPRESENTING SHARES PAR VALUE \$2.50 COMMON STOCK
J.P. MORGAN & CO. INCORPORATED
A cash distribution of \$0.545 per Depositary share will be payable on or after the 21st July 1992 upon presentation of Coupon No. 19 at:
Morgan Guaranty Trust Company
of New York
35 Avenue des Arts
1040 Brussels
Banque Internationale à Luxembourg
2 Boulevard Royal
2953 Luxembourg
At the designated rate less applicable taxes.
This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. \$2.50 J.P. Morgan & Co. incorporated on 15th July 1992.

COMPANY NEWS: UK

Growth attributed to concentration on mainstream brands

Bulmer up 19% in buoyant cider market

By Richard Gourlay

HP BULMER Holdings yesterday reported a 19 per cent increase in annual profits as cider continued to grow despite the decline in the UK drinks market as a whole.

Pre-tax profits for the 12 months to April 24 rose from £14.4m to £17.1m on sales up 5 per cent to £221.9m.

The results, coming on the day that the share offer for Taunton Cider closed, confirmed that the cider market is the one area of the UK drinks market that is still growing despite recession.

Mr John Rudgard, Bulmer's chief executive, said he welcomed the arrival of another quoted company and the amount that Taunton was contributing to the growth of the market.

Bulmer's earnings per share expanded by 23 per cent to

19.96p and the final dividend is increased to 5.55p, giving a total of 9p, up 8 per cent.

The record profits and earnings were, however, a reflection of its strategy of focusing on Strongbow and Woodpecker, its mainstream cider brands which compete mainly with Taunton's Blackthorn and Autumn Gold brands for more than 85 per cent of the market.

"Taunton's strategy is very much about new brands," Mr Rudgard said. "Ours is very much to do with existing brands and bringing in new brands."

During the year Bulmer spent £13m on capital expenditure, compared with a depreciation charge of £5m. The company has spent £49m capital on capital expenditure over the last four years.

In particular, Mr Rudgard said, Bulmer had invested heavily in kegs and keg equip-

ment to widen the availability of cider.

Bulmer claims a 33 per cent market share for Strongbow, which it sold had grown 13 per cent over the last two years, and a 23 per cent market share for Woodpecker which it said was growing at 16 per cent.

By comparison, Bulmer said sales of Blackthorn and Autumn Gold were both falling.

Mr Rudgard said that its premium Scrumpy Jack brand was also growing, albeit from a lower level than Diamond White, Taunton's mainstay.

The contribution to sales from Pectin fell due to the worldwide recession with profits of £2.58m (£2.64m) on sales down 12 per cent at £14.5m.

Profits in Australia rose by 18 per cent to £1.79m, enjoying the only significant part of that country's drinks market to show growth.



John Rudgard: welcomes Taunton's market debut

Proudfoot value drops 17.5% as shares change hands

By Angus Foster

THE MARKET value of Alexander Proudfoot, the US-based but UK-listed management consultant, dropped 17.5 per cent yesterday after a large block of shares changed hands below the market price and amid continuing uncertainty following a management shake-up.

The shares dropped 41p to 194p, their lowest since 1987, after 1.2m went through the market at 200p early yesterday.

Collins Stewart, the company's joint broker, was believed to have handled the transaction.

Analysts have marked down profit forecasts for this year following a cautious trading statement issued late on Monday, when the company also announced the resignation of Mr Thomas Huhn, chief executive officer.

Mr Huhn sold nearly all his shares last year and at April 7 held only 50,000 shares via a family trust.

Mr Neil Hamilton, finance

director, yesterday held a series of meetings with institutions. The company has been criticised for not telling the market sooner that trading was tough.

"I've been assuring institutions that while things have not improved in our markets, the company remains strongly cash positive," he said.

The company held net cash of £21m at the end of last year, enough to pay out nearly two years of dividends. But follow-

ing yesterday's price fall, the shares are yielding over 12 per cent.

The shares have fallen ever since the preliminary results were announced, when they stood at 365p. Since then, former majority shareholder Invesco MDI sold its remaining stake.

Mr Huhn's sudden departure has added to the market's confusion. An internal review of the company's strategy was completed late last week and made no mention of senior

executive changes. Following a private meeting on Monday with Lord Stevens, chairman of Proudfoot and Invesco MDI, Mr Huhn resigned without warning.

He is being replaced by a management committee of Mr Hamilton and three others, all based in the US.

Mr Hamilton said the new structure is similar to that used when the company was private, before it reversed into City and Foreign Holdings in 1987.

BOARD MEETINGS

TODAY
Interlec: Baring Trustee Inv Trust, Cerdill Property, General Consolidated Inv Trust, National Home Loans, River & Mercantile Trust.
Preston: Baring Trustee Inv Trust, Cerdill Property, General Consolidated Inv Trust, National Home Loans, River & Mercantile Trust.
Preston: Baring Trustee Inv Trust, Cerdill Property, General Consolidated Inv Trust, National Home Loans, River & Mercantile Trust.

FUTURE DATES
Interlec: July 20
Derby Trust: July 21
Globe: July 22
Island Finance: July 23
Smaller Co's Inv Trust: July 24
Smith & Nephew: July 25
Tesco: July 26
Preston: July 27
Baring Trustee Inv Trust: July 28
Cerdill Property: July 29
General Consolidated Inv Trust: July 30
National Home Loans: July 31
River & Mercantile Trust: Aug 1

Cray Electronics set to take Dowty arm

By Alan Cane

CRAY Electronics, the high technology group, is expected to emerge tomorrow as the successful bidder for the information technology interests of Dowty Group, now part of TI.

The Berkshire-based company, which is set to publish full-term figures tomorrow, confirmed yesterday that it would be making an important announcement at the same time.

TI said only that the company was still talking to prospective purchasers but that one set of negotiations was "going particularly well".

It is understood, however, that the deal has been essentially sealed at a purchase price of £50m-£55m.

TI acquired Dowty last month for £485m and made it clear it was anxious to sell the information technology division quickly.

Mr Christopher Lewinton,

chairman of TI, believes that Dowty's move into that business, chiefly through the purchase of Case Communications, was a costly error. The division last year made sales of £172m but failed to produce a profit.

Mr Huhn's sudden departure has added to the market's confusion. An internal review of the company's strategy was completed late last week and made no mention of senior

executive changes. Following a private meeting on Monday with Lord Stevens, chairman of Proudfoot and Invesco MDI, Mr Huhn resigned without warning.

He is being replaced by a management committee of Mr Hamilton and three others, all based in the US.

Mr Hamilton said the new structure is similar to that used when the company was private, before it reversed into City and Foreign Holdings in 1987.

Chairman's Statement 'OUR PROFIT PERFORMANCE IS DERIVED BOTH FROM INCREASED TURNOVER AND REDUCED OPERATING COSTS.'

TURNING A LOSS OF £38.5M IN 1991 INTO A PROFIT OF £13.9M IN 1992.

I BELIEVE WE CAN IMPROVE FURTHER DURING THE CURRENT YEAR.'

JAMES HANN, CBE

At Scottish Nuclear it is our aim to be the most efficient, radical and forward looking nuclear generation company in the UK.

89-90 (£189.9m) 90-91 (£38.5m) 91-92 (£13.9m)

So far so good; but the Company has a long way to go and many issues to resolve before we can be satisfied with our financial performance.

PROFIT FROM SCOTTISH NUCLEAR ENERGY

Scottish Nuclear operating costs are only 3.2p per kilowatt hour. And our long term sales objectives are on target for the 1994 review.

A significant contributor to this position is the efficiency of Torness, Britain's newest energy station. Construction of an advanced nuclear energy station to replace Hunterston A & B is under consideration.

Scottish Nuclear has the power for success. This is clearly evident in the way everyone is benefiting from Scottish Nuclear energy.



Scottish Nuclear

Clarke Hooper in the red

By Angus Foster

CLARKE HOOPER, the troubled USM-traded sales promotion company, yesterday announced a pre-tax deficit of £3.45m for 1991-92 as trading losses due to the recession were compounded by exceptional losses from rationalisation.

The loss for the year to end-April compared with a £2.05m profit last time. Turnover fell 11 per cent to £44.3m as clients cut marketing budgets. Pressure on margins resulted in swing from operating profits of £2.18m to losses of £3.45m.

Interest charges increased to £315,000 (£191,000) as net borrowings rose to £3.97m (£2.66m). The company's bankers, Robert Fleming and NatWest, commissioned a review of working capital requirements and have renewed Clarke Hooper's facilities until June 1993.

The rationalisation programme led to exceptional items of £2.35m. The working capital has fallen from 381 to 209. Ms Sue Archer, group finance director, said no further cuts were planned.

Losses per share emerged at 12.9p (earnings 8.4p). No dividend is proposed - a 4.4p total was paid previously.

The sale to M&G of Schmidt-Cannon International, a US marketing company, for \$2m (£1m) led to an extraordinary loss of £3.37m for goodwill previously written off.

Retained losses for the year totalled £6.08m (profit \$601,000).

C and W in Russian joint venture

Cable and Wireless, the telecommunications group, yesterday announced the launch of a direct satellite service from St Petersburg.

The new company, Baltic Communications, is a joint venture in which C and W is the largest shareholder with a 40 per cent stake.

The other partners are the San Francisco/Moscow Teleport of California and three of the main state telecommunications companies in St Petersburg.

The venture is St Petersburg's first fully digital satellite service and is designed to meet the needs of the business and tourist industries.

Public fails to take big swallow of Taunton

By Richard Gourlay

THE PUBLIC has subscribed for only 30.1 per cent of the shares on offer in Taunton Cider, making the west country drinks group the latest newly-listed company to fail to attract widespread support.

Another 15.3 per cent of the 29.13m shares on offer to the public at 140p were taken up by sub-underwriters as part of off-set arrangements to the 29m share institutional placing which was successfully concluded last week.

While Taunton shares have failed to fire the public's attention and may initially trade at a discount next week, the company has been relatively more successful than other recent companies to float.

The public took up only 23 per cent of The Telegraph Group's shares, 15 per cent of the shares in MFI, the furniture group, and only 6.4 per cent in Anglian, the double-glazing group.

When Anglian began to trade yesterday the shares closed at 294p, a 5p discount to the issue price.

Kenwood Appliances, the first new company to float in the post-election rush, was only 1.2 times subscribed. It opened at a premium to the 285p offer price and is now trading at a small discount.

Mr Michael Cottrell, Taunton's chairman, said he was delighted with the strong institutional interest in the issue. An adviser said the support was satisfactory given the recent run of under-subscribed issues and the state of the markets and that the institutional interest was a positive sign for the aftermarket.

Etonbrook proxies urged to dissent

Mr Andrew Perloff yesterday urged shareholders in Etonbrook Properties not to sign proxies in support of a capital restructuring which will be put to the vote on August 7.

Mr Perloff, chairman of Etonbrook, is fighting the board's plan for a capital restructuring which would enable the company to resume dividend payments. He said he would comment on the situation following further investigation of the report and accounts, which were published earlier this week.

Mr Perloff said he was not a shareholder in Etonbrook, but a shareholder in Etonbrook Properties, a subsidiary of Etonbrook, which is in administration, has been referred to the US Securities and Exchange Commission following questions over the procedures it has followed.

Walbrook stopped paying claims on May 29, two years after it ceased to write new business. It told leading policyholders in Chicago and London over the last few days that it had a balance sheet deficit of £10m.

The directors of the company are urging the policyholders to endorse a proposed informal scheme of arrangement which would leave the existing executives in charge and require large creditors to subscribe to redeemable preference shares equivalent to 60 per cent of the amount they are owed.

However, Mr John Dingell, chairman of the US House of Representatives sub-committee on oversight and investigation, wrote to Mr Richard Etonbrook, chairman of the SEC, on July 9 calling on him to examine the nature of the Walbrook offer.

He has asked whether the stock offering should be covered by the registration and disclosure requirements of Federal securities laws; whether the Walbrook directors can disclaim legal liability for the offering; and whether the SEC is examining the "propriety" of the offering.

The letter follows correspondence from the sub-committee from the receiver of Transit Casualty, a Missouri-based insurance company which went into receivership in 1985 and which is one of Walbrook's largest creditors.

Transit has been leading a group of policyholders which oppose the offer from Walbrook and would prefer to

Talks spark 20p rise in Templeton Galbraith shares

By Norms Cohen, Investments Correspondent

SHARES IN Templeton Galbraith and Hansberger, the Bermuda-based international fund management company, rose 20p to 309p yesterday following confirmation that it had been approached by various financial managers interested in "a business combination."

The company provided no details of the talks or of the suitors. However, it is understood that two US financial services companies are engaged in serious talks. Templeton's senior management, who control over 92 per cent of the voting shares, are said to be concerned about protecting the independence of its investment strategy.

A statement from the company said: "All of these [talks]

contemplate a continuation of independent operations by the Templeton group with normal service for clients and funds and the same investment personnel, policies and methods."

Templeton is also said to be interested in forming a partnership with a larger firm which could give it access to greater distribution outlets. Sir John Templeton, the founder and chairman, will be 80 in the autumn and is said to be in good health.

Templeton manages roughly \$19bn (£9.9bn) of funds, of which \$12bn is in the form of US-style mutual funds. An additional \$4.6bn are pension fund assets while closed and investment trusts account for \$2.4bn of assets. Its investment style has been to seek international equities with long-term growth prospects.

Scottish Nuclear in the black with £13.7m

By James Buxton, Scottish Correspondent

SCOTTISH NUCLEAR, the state-owned company that operates Scotland's two nuclear power stations, moved into the black for the first time in 1992 with a net profit of £13.7m.

This compared with a loss of £32.5m in 1991 and was achieved in a year of increased output, tight cost control and lower inflation.

Turnover, representing sales from the Hunterston B power station in Ayrshire and Torness in East Lothian, rose 13 per cent to £477m.

Mr James Hann, chairman, said: "So far, so good; but the company has a long way to go and many issues to be resolved before we can be satisfied with our financial performance."

Mr Hann is engaged in a long-term campaign to improve the performance of the company, which was carved out of the former South of Scotland Electricity Board in 1989, and to rehabilitate the image of nuclear power in the UK.

He said the cost of SNL's electricity was beginning to compare favourably with oil and coal-generated power.

Company executives make no secret of their desire to see SNL privatised. Mr Hann said: "I do believe that we are heading towards a position where

under certain circumstances the company will be privatised, but there are many issues still to be addressed."

SNL made an operating profit of £98.7m (£32.2m) but had to allow £50.9m (£75.4m) to maintain the value of its £2bn provisions for decommissioning the advanced gas-cooled reactor stations.

Operating cost per unit of electricity was 3.21p before accounting for historic liabilities. SNL does not benefit from the non-fossil fuel levy which is paid by electricity users in England and Wales.

SNL supplies about 40 per cent of Scotland's electricity through its sales to Scottish Power and Scottish Hydro-Electric. The load factor at Hunterston B declined from 79.1 per cent in 1990-91 to 85.4 per cent, partly because of mid-life maintenance work on one reactor. Torness's load factor rose from 38.6 per cent to 55.1 per cent because of improvements to its refuelling system.

In January SNL reached agreement in principle with British Nuclear Fuels on fixed-price fuel supply and reprocessing contracts worth £2.7bn over the next 15 years. It is also applying to build dry stores for spent fuel at Torness and Hunterston B which would save £45m on fuel cycle costs, cutting 0.3p per unit from the cost of generating electricity.

Hitch hits Walbrook rescue plan

By Andrew Jack

A PROPOSAL to rescue Walbrook Insurance, a subsidiary of London United Investments, which is in administration, has been referred to the US Securities and Exchange Commission following questions over the procedures it has followed.

Walbrook stopped paying claims on May 29, two years after it ceased to write new business. It told leading policyholders in Chicago and London over the last few days that it had a balance sheet deficit of £10m.

The directors of the company are urging the policyholders to endorse a proposed informal scheme of arrangement which would leave the existing executives in charge and require large creditors to subscribe to redeemable preference shares equivalent to 60 per cent of the amount they are owed.

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He has asked whether the stock offering should be covered by the registration and disclosure requirements of Federal securities laws; whether the Walbrook directors can disclaim legal liability for the offering; and whether the SEC is examining the "propriety" of the offering.

The letter follows correspondence from the sub-committee from the receiver of Transit Casualty, a Missouri-based insurance company which went into receivership in 1985 and which is one of Walbrook's largest creditors.

Transit has been leading a group of policyholders which oppose the offer from Walbrook and would prefer to

place the company in provisional liquidation. It applied last month in the high court for a liquidation order, and its hearing has been postponed until early August.

Those opposing the plan are trying to avoid the slow-moving schemes of arrangement established for the so-called KERM group of companies to which many are also creditors and which are other subsidiaries of London United Investments.

The SEC refused to comment yesterday on whether it had launched an investigation. An official said that public offerings had to be registered with the SEC before they could be announced, but private placements did not.

Walbrook said yesterday that it had not been contacted by the SEC, but its lawyers were asking the commission to see whether it wants any information on the offer.

Waste Management advances by 51%

By Richard Gourlay

THE CHICAGO-based group, sold 20 per cent of its international operations in the share offering it said it would use the war-chest to take advantage of opportunities arising from tightening environmental regulations in Europe and growth in Asia.

Mr Edwin Falkman, chief executive of WMI, said yesterday that nothing had dampened enthusiasm about the opportunities and that the continuing recession in the UK had increased the potential possibilities as companies tried to dispose of non-core waste businesses.

During the six month period, WMI bought Marvin, a storage handling and chemical waste treatment facility in Great Yarmouth; SPAT, in France, which will open operating landfill sites for the group; and agreed to build own and operate a waste-to-energy facility at Gutersloh, Germany.

Mr Falkman also said the group had also agreed a joint venture with Bimantara of Indonesia to build the country's first hazardous waste treatment plant.

Earnings per share emerged at 10.6p, up 38 per cent over the period.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Aberforth Split	3	Sept 4	0.5	9	0.5
Beecham (R)	5.55	Sept 7	5.15	9	8.35
Bulmer (R)	5.55	Sept 7	5.15	9	8.35
Clarke Hooper	1.5	Aug 27	1.65	4	4.8
Dannans Elect	1.5	Oct 1	1.75	4	4.8
Leale Wise	1.75	Oct 1	1.75	4	4.8
Tennorres Leis	1.375	Oct 5	1.25	1.375	1.25
Wyle	1.4	Oct 1	1.4	2.8	2.8

Dividends shown pence per share net except where otherwise stated. 10m increased capital, \$USM stock.

S&P Return of Assets Trust

Net asset value per share of Save & Prosper Return of Assets Investment Trust stood at 278.5p at May 31 compared with 270p a year earlier. After treating warrants as exercised the figure amounted to 260.2p against 244.1p.

Pre-tax profits for the year amounted to £4.4m (£4.9m) and earnings per share 10.65p (11.36p).

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2 & 3 September, 1992

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European Airlines Association**Sir Colin Marshall**
British Airways Plc**Mr Richard R Albrecht**
Boeing Commercial Airplane Group**Mr Adam Brown**
Airbus Industrie**Mr Maurice A Foley**
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VENTURE CAPITAL

The FT proposes to publish this survey

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FT SURVEYS

PUBLIC WORKS LOAN BOARD RATES

Effective July 14

Term	Quota loans*	Rate	Rate
Over 1 up to 2	10 1/2	10 1/2	10 1/2
Over 2 up to 3	10 1/2	10 1/2	10 1/2
Over 3 up to 4	10 1/2	10 1/2	10 1/2
Over 4 up to 5	9 3/4	9 3/4	9 3/4
Over 5 up to 6	9 3/4	9 3/4	9 3/4
Over 6 up to 7	9 3/4	9 3/4	9 3/4
Over 7 up to 8	9 3/4	9 3/4	9 3/4
Over 8 up to 9	9 3/4	9 3/4	9 3/4
Over 9 up to 10	9 3/4	9 3/4	9 3/4
Over 10 up to 15	10 1/2	10 1/2	10 1/2
Over 15 up to 25	10 1/2	10 1/2	10 1/2
Over 25	10	10	10

*Non-quota loans at a rate 1 per cent higher and non-quota loans at 2 per cent higher in each case than quota loans. *Equal instalments of principal. *Payment by half-yearly instalments (fixed) or half-yearly payments to include principal and interest, with half-yearly payments of interest only.

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NOTICE TO SHAREHOLDERS

Shareholders are informed, in accordance with paragraph 4 of article 20 of the Articles of Incorporation, that the value of all outstanding shares having been less than \$5,000,000, for more than 30 consecutive days, the Board of Directors has decided, pursuant to this 30 days prior notice to all holders of shares, to redeem on the next Valuation Date following the expiry of this notice period, all the shares not previously redeemed, at the net asset value per share applicable on such relevant Valuation Date, which shall be 17th August 1992.

Shareholders are advised that they are entitled to send a written request to SVENSKA SELECTION FUND, a Luxembourg SICAV registered as an undertaking for collective investments in transferable securities (UCITS) in Luxembourg, 146, Boulevard de la Pétrusse, L-2330 Luxembourg, in order to exchange the liquidation proceeds of the compulsory redemption of their shares of NEPTUNE MARITIME FUND without sales charge for a period until 21 September 1992, into one of the several classes of shares of SVENSKA SELECTION FUND, as described in its current prospectus dated February, 1992, which may be obtained from its Transfer Agent, SVENSKA HANDELSBANKEN S.A., tel: (352) 49 98 111, fax: (352) 49 00 04.

The Board of Directors

COMPANY NEWS: UK

Net borrowings remain at three times shareholders' funds
Anglia Homes losses exceed £5mBy Andrew Taylor,
Construction Correspondent

BAD NEWS continues to surface from Britain's highly depressed housing sector.

Yesterday, Anglia Secure Homes, the retirement homes specialist, revealed that pre-tax losses had risen to £5.08m during the six months to end-March.

That compared with a loss of £4.22m last time. Turnover in the first half dropped from £11m to £6.57m.

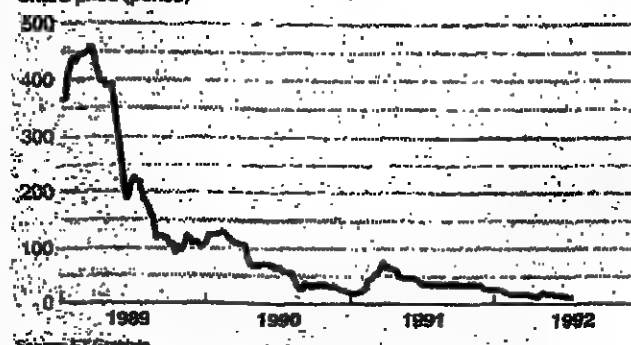
That meant the group lost 77p for every £1 of sales. Losses per share rose from 12.2p to 15.4p.

Mr Peter Edmondson, chairman, said that in the light of continuing losses the group would not be paying an interim dividend.

Anglia last paid a dividend in respect of the 12 months to September 1989.

Anglia Secure Homes

Share price (pence)



Source: FT Graphix

It has been hit hard by the collapse in demand for housing and particularly for retirement homes. Mr Edmondson said yesterday that the market remained appallingly weak.

Commercial Union, the insurance group, rescued Anglia in April 1990 when it took a

12 per cent stake as part of a financial restructuring.

It also owns a 49 per cent stake in Haven Services - Anglia has the other 51 per cent - which provides management services for retirement homes for Anglia and other companies.

Anglia, which had seen its share price tumble from a peak of 450p in March 1989 to 54p at yesterday's close - down 54p on the day - had been selling its stock of completed homes in a bid to reduce debts.

These fell from £74.5m in early 1989 to £30.1m at the end of March. Net borrowings, however, remained almost three times shareholders' funds of £10.8m.

The stock of unsold homes was reduced from more than 700 to 360 at the end of March.

The group had reached the point where it needed to start building again - on just three sites - for the first time since the beginning of 1990.

Half year losses were struck after interest of £2m (£1.5m) including £700,000 from write-off capitalised interest.

There was also an exceptional write-down against stock of £1m.

Purchase helps Wyko contain downturn

By Paul Chesworth,
Midlands Correspondent

WYKO, the West Midlands-based distributor and manufacturer of bearings and power transmission components, saw pre-tax profits drop by nearly 10 per cent and acknowledged the fall would have been sharper but for the acquisition of EW Bearings.

Performance improved in the second half, enabling the group to announce profits of £1.38m for the year ended March 31

1992, compared with £1.52m. Turnover rose from £48.4m to £55.5m.

Earnings per share, on capital enlarged by the share issue to finance last October's purchase of EW Bearings, were 2.37p, against 4.5p.

However, the dividend, with a final of 1.4p, is maintained at 2.5p after taking £238,000 from reserves.

Mr Philip White, chairman and chief executive, justified the maintenance of the dividend as a reflection of future

trading prospects, and on the grounds that the balance sheet was strong - gearing fell over the year from 69 per cent to 24 per cent.

The acquisition of EW Bearings led to both expansion and rationalisation of Wyko's UK distribution network, which increased its operating profit while that of the UK manufacturing and international divisions declined. Group operating profit of £1.38m (£1.52m) would have been less than £950,000 without EW Bearings.

This year Wyko expected further benefits from the rationalisation of the UK distribution network although Mr White said "demand is patchy" and that "there are ebbs and flows in the recovery process."

Although he was "a little more optimistic than pessimistic" about the immediate prospects, he noted that "it is probably more realistic to accept that prevailing business circumstances were unlikely to improve significantly during 1992."

Kalon bid referral is urged

By David Owen

MR MICHAEL Heseltine, president of the board of trade, was yesterday urged to refer Kalon's hostile all-paper bid for Manders (Holdings), its Wolverhampton-based paint-making rival, to the Monopolies and Mergers Commission in a parliamentary early day motion signed by 49 MPs.

Signatories included Ms Marjorie Mowlem, Labour's front bench spokeswoman on City affairs, Mr Richard Caborn, Labour chairman of the all-

party select committee on trade and industry, and Mr Nicholas Budgen, Tory MP for Wolverhampton South West.

Noting that a takeover would give Kalon more than 70 per cent of the own-label paint market, the motion argues that a merger would "threaten a reduction in competition against the public interest."

Kalon's objective is "to achieve an increased market share of the paint market, and in the process cut 500 jobs from the workforce of a combined group," the motion states.

Beckenham in loss and seeks £2m

BECKENHAM GROUP, the USM-traded engineer, yesterday called on shareholders for £1.9m net via a rights issue and also announced that it ran up a loss for the six months to end-April.

The proceeds of the cash call would be used to continue the restructuring, strengthen the balance sheet and provide additional working capital.

Turnover for the half year fell to £15.3m (£26.5m) and at the pre-tax level the loss worked through at £771,000 compared with previous profits of £746,000.

Directors described the result as unsatisfactory but said it was a "considerable improvement" over the preceding six months' loss of £8.2m.

The half-year deficit included a full provision of £184,000 against the effects of Olympia & York, one of its larger customers, being placed in administration together with reorganisation and closure costs amounting to £386,000.

Further reorganisation costs would be incurred in the second six months but the directors anticipated that reorganisation would be virtually completed by October 31.

Interest charges rose by £60,000 to £384,000, well down, however, on the preceding half year's figure of £741,000.

As a result of disposals, bank borrowings at June 30 totalled £6.7m (£9.7m at October 31 1991). Further disposals, together with the proceeds from the rights issue, should reduce indebtedness by a "substantial" amount.

Losses per share were 1.4p (earnings 1p) and the interim dividend is omitted - 0.5p was paid previously but the final was passed.

The fully underwritten rights issue is of 35.51m shares on a 3-for-4 basis at 5p per share - in line with yesterday's close, down 4p.

A fourth interim of 3p brings the total to the forecast 9p.

Smiths Inds buys HG Wallace

Smiths Industries is buying the medical devices manufacturer HG Wallace from the present family owners.

Wallace makes disposable plastic products for infusion, dialysis, incontinence and wound drainage applications.

In its last financial year it made pre-tax profits of £1.3m from sales of £6.3m. Net assets, including cash, were £3.5m.

Tomorrows Leisure dips to £731,000

Tomorrows Leisure, traded on the USM, reported significant growth in its net assets, turnover and trading profits for the year to end-March.

Trading profit at the hotel, golf and leisure activities surged from £44,000 to £710,000, resulting from the investment of funds, previously released from an asset sale, into new and existing developments.

Interest received fell from £778,000 to £29,000, and the pre-tax profit came to £731,000, against £860,000.

Turnover rose from £4.4m to £7.5m. Earnings emerged at 8.5p (4.7p) and the dividend is lifted 10 per cent to 1.375p.

Cost control helps Denmans rise 43%

Mainly as a result of stringent control of costs and working capital, Denmans Electrical lifted interim pre-tax profit by 43 per cent, from £574,000 to £823,000.

However, directors of this USM-traded group stressed that results were becoming more seasonally biased, and the percentage increase should not necessarily be expected to be held over the full year.

They reported that all sections of the business were trading profitably even though the results were affected by bad debt provisions "well above historic levels."

The group was developing its manufacturing and importing businesses and, consequently, lighting was becoming an increasingly important part of turnover.

For the half year ended March 31 1992 sales rose to £18.9m (£17.5m).

Interest charges were cut to £97,000 (£152,000). Earnings per share worked through at 12.7p (8.9p) and the interim dividend is raised from 1.85p to 1.9p.

Leslie Wise 12% ahead at £1.51m

In spite of unfavourable trading conditions Leslie Wise, the textiles, women's clothing and knitted fabrics group, lifted profits from £1.35m to £1.51m pre-tax for the year to May 31.

The near-12 per cent advance was scored from a 25 per cent rise in sales to £22.5m. Exports also rose by 25 per cent. Margins were maintained leading to a 22 per cent rise in operating profits to £1.65m.

Earnings increased to 2.96p (2.7p) and the interim dividend is a same-again 1.75p.

Aberforth Split pays forecast 9p

Aberforth Split Level Trust reported net assets values as of June 30 of 207.3p per unit share, 196.7p per capital share and 10.6p per income share.

Available revenue for the period from May 14 1991 - when the trust was admitted to the main market - to end-June amounted to £1.43m, equal to earnings of 9.56p per income share.

Improved rival offer for Pacific Horizon under discussion

By John Authers

JUPITER Tyndall Merin, the fund management group, yesterday announced it was in discussions with an investment trust over the possibility of an offer being made for Pacific Horizon Investment Trust.

The announcement provoked another round of controversy in the long-running attempt to restructure the trust.

Last month, Jupiter Tyndall blocked a bid by Martin Currie Pacific Trust for Pacific Horizon, whose funds it manages.

The directors of Pacific Horizon had unanimously recommended the Martin Currie bid.

Jupiter Tyndall has also announced plans to restructure Pacific Horizon. Yesterday it said its discussions with the investment trust involved "an offer being made for the whole of the share capital and outstanding warrants in Pacific Horizon on terms which would be significantly better than those which were available under the offer from Martin Currie Pacific."

The announcement provoked an angry response from the board of Pacific Horizon, which said it was extremely concerned that "a proposal of this kind should be notified to it by way of public announcement and that the Jupiter Group did not notify the board of its discussions in advance."

It said it was not aware of the proposals' terms or of the identity of the offer.

The directors also invited the offeror to come forward and make itself known to them.

Jupiter Tyndall is requisitioning an extraordinary meeting of Pacific Horizon to appoint new directors and consider restructuring proposals.

Pacific Horizon directors said they had written to Jupiter Tyndall requesting it to withdraw its requisition until it was clear whether an offer had been made.

They said that it would be a "flagrant waste of Pacific Horizon's funds" to convene and hold a meeting while the possibility of a new offer existed.

Underwriters top up in MFI share issue

By Maggie Urry

MFI FURNITURE Group's public offer of shares attracted 16,654 applications in total covering 60.3m shares - 44 per cent of the 137m shares available. The rest will be taken up by sub-underwriters.

However, sub-underwriters to the issue applied for 39.5m of the 60.3m shares, leaving retail applications covering 20.7m shares, worth £38.8m at the 115p offer price. There were 379 applications from employees for a total of 432,000 shares.

Of the shares applied for by sub-underwriters, 26.2m can be offset against underwriting commitments and another 13.4m shares were in excess of their sub-underwriting commitments.

Sub-underwriters still receive their commissions when they offset shares applied for against their commitments.

The numbers underline the recent trend of retail investors shunning public offers.

The institutions who bought stock through the placing of 410.2m shares also sub-underwrote the public offer in the same proportions.

Bankers said sub-underwriters would have known, given market conditions, that the offer would not be fully subscribed and so were sure of getting a proportion of their underwriting commitments.

They said that by applying for shares under the offset arrangements they showed a desire to be sure of getting stock. Those which applied for additional shares may have felt it would be difficult to buy a large number when dealings start on Friday, given that a fairly high proportion of the shares are in firm hands.

Embankment Place Limited Partnership
£125,000,000
10 Year Investment Finance
for
Embankment Place
London
Agent Bank and Arranger

Bayerische Hypotheken- und Wechsel-Bank
Aktiengesellschaft
London Branch

Funds Provided By

Bayerische Hypotheken- und Wechsel-Bank AG
London Branch

Internationale Nederlanden Bank N.V.
London Branch

DePfa-Bank AG
Wolfsburg

Girozentrale Bank der österreichischen Sparkassen AG
London Branch

Allen & Overy
Solicitors

Natanson & Partners
Solicitors

Macfar Murray & Spens
Solicitors

Hillier Parker
Chartered Surveyors

Herbert Smith
Solicitors

Martins Slowe
Solicitors

July 1992

HYPOBANK

COMMODITIES AND AGRICULTURE

Copper surge takes prices to 18-month highs

By Kenneth Gooding, Mining Correspondent

COPPER PRICES yesterday continued to ignore widespread world economic gloom and surged above \$1.15 a lb (\$2,534 a tonne) on the London Metal Exchange, the highest levels for 18 months.

Many analysts had not expected to see copper, the most heavily-traded metal, reach \$1.15 until much later this year. Traders suggested substantial Asian buying set the trend early yesterday and then some big merchant houses followed suit. The price was also helped upwards by some short-covering (hasty buying to cover their positions by organisations that had sold metal they did not own in the expectation of lower prices in future).

There was some profit-taking later but the price did not dip very far and copper for delivery in three months closed in London at \$2,545 a tonne, up \$30 from Tuesday's close.

While some analysts suggested that world economic conditions did not justify copper's recent price rise - it has

jumped from just over \$1 a lb at the beginning of July - Mr Ted Arnold, analyst at Merrill Lynch, pointed out that copper supply and demand were finely balanced and demand was widely expected to increase next year.

He said that while copper demand in Japan was reflecting slowing economic growth there, the Chinese might well buy about 200,000 tonnes this year - "which would take up all the slack from Japan".

Mr Arnold said: "Copper is more likely to go up [in price] than to drop sharply from now on". He predicted the price would reach \$1.20 a lb (\$2,645 a tonne) in the fourth quarter of 1992. However, he dismissed the idea that copper could reach \$1.50 a lb because such a price was "crazy".

Copper demand in Asia will continue to grow in the 1990s, especially in the newly industrialised economies of South-east Asia. Mr Douglas C. Yearly, chairman of US producer Phelps Dodge Corporation, told an investment seminar, reports Reuters from Tokyo.

RTZ to cut holding in PNG gold venture

By Kenneth Gooding

RTZ CORPORATION, the world's biggest mining company, wants to reduce its financial exposure to the \$767m Lihir Island gold project in Papua New Guinea and is negotiating to sell part of its 80 per cent shareholding in the venture to its partner, Nigini Mining.

Lihir is one of the world's largest known gold deposits: there are 42.2m troy ounces of the precious metal in proven and possible reserves. Production is scheduled to start in 1995 at an annual rate of 620,000 ounces for the first five years, building to 900,000 ounces in year 12.

The PNG government wants technical negotiations completed before October 31 so RTZ must conclude any deal with Nigini before then. The partners expect the government to take a 20 per cent stake - in return for paying them for 20 per cent of the \$120m costs so far - which would leave RTZ with 64 per cent and Nigini 16 per cent.

As RTZ wishes to retain control of the project and manage it, the UK group is unlikely to sell down to below 51 per cent. However, RTZ, while confirming that negotiations are going on, would yesterday give no precise details.

Mr Geoff London, chairman of Nigini, said in London yesterday that his company had retained the N.M. Rothschild bank to ensure that it had finance available "for all the shares" RTZ might sell.

If Nigini needed to sell any of its own shares as part of this process, perhaps via a rights issue, the number would be very small because the company's biggest shareholder, Battle Mountain Gold of the US, was not ready to commit more cash to Nigini but did not wish to see its present 60 per cent shareholding fall below 50 per cent.

Lihir will be one of the lowest-cost gold mines with total costs of \$248.75 an ounce in the early years (including \$163 cash operating costs), said Mr London. The feasibility study presented to the PNG government was based on a price of \$350 an ounce.

Mr London said it was still hoped that the project would be expanded to increase annual gold output to 1.3m ounces by year 12 but this would double projected capital costs. At present, given the perceived political risks of operating in PNG, it would be extremely difficult to raise the finance for the bigger project.

Caribbeans fail to make sale on bananas with US

'Mixed signals' cause concern, writes Canute James

IN AN increasingly desperate battle to hold on to their preferential access to the European market, Caribbean banana producers have tried, but apparently failed, to recruit to their cause one pivotal player in international trade.

In recent weeks the prime ministers of several banana producing countries in the Caribbean have visited Washington, asking President George Bush and other key figures in the Administration to throw their weight behind proposals which would continue protection for Caribbean bananas marketed in Europe.

After the meetings several were left confused by what they said were "mixed signals" from the US administration. "At one level, the United States administration is aware of the problems we face with bananas, and is sympathetic to the fact that we face potentially serious damage from free trade in the fruit," said Mr P.J. Patterson, Jamaica's prime minister. "At another level in the administration, however, there is a move to have bananas brought under the GATT and be freely traded."

The division is between the White House, on the one hand, and the Office of the Trade Representative and the State Department, on the other. While Mr Patterson declined to elaborate on which was the "sympathetic" part of the administration, Dame Eugenia Charles, the prime minister of Dominica, did not. "President

Bush is sympathetic, but Mr James Baker, the secretary of state, is adamant that there should be no exemptions," Dame Eugenia said. "The argument is that if there is an exception for bananas, then there will have to be for rice, for dairy products and all other farm products. The United States is dead against us on this."

The African, Caribbean and Pacific (ACP) group, which supplies one-fifth of the bananas consumed in the European Community, had been worried by the proposals made in the text of the GATT negotiations that trading conditions for current export volumes be maintained for all sources until 1993. Anything above this would be subject to tariffication, with tariffs being reduced progressively by an average of 36 per cent between 1993 and 1999.

The banana producers are hoping for relief from three sources. One is the undertaking, "the legal commitment," says Mr Patterson, of the EC to ensure that changes in the marketing of bananas will not leave the ACP states "in a less favourable situation than in the past or at present." The second is the proposal by the European Commission earlier this year to impose quotas on fruit from non-ACP sources, mainly the Latin American countries whose fruit is more competitive than that of the ACP exporters.

The third area of solace for

the ACP producers would have been US support for the use of quotas rather than tariffs. Officials in the Caribbean say the White House, preoccupied with an election, will hardly be in a position to redirect those parts of the government that are unwilling to consider bananas as a special case. Yet, they say, US support is important if there is to be any success with efforts for a derogation to the rules of international trade.

"There is also the fact that US companies are heavily involved in banana production in the Latin American countries," explained one St. Lucian official. "It is unlikely that the US position will be one which will ignore the desires of those companies, and the Latin American governments, to open up the market."

Caribbean bananas, which cost about 30 per cent more to produce than do Latin American fruit, could not compete on an open market. "The Latin American producers have virtually declared war on us," said Mr John Compton, the prime minister of St. Lucia. "They are trying to drive us out of the European market."

Regional diplomats say that some leaders who met President Bush early last month in Washington to seek his support for the use of quotas rather than tariffs on bananas, were more than slightly taken aback when the discussion turned quickly to other matters, mainly developments in Haiti and the repatriation of



Dominica's economy is 60 per cent dependent on bananas

Haitians seeking asylum in the US. "This reflects the distraction of the White House in an election year," explained one envoy. "There is nothing much to be gained by the White House, and perhaps something to be lost, by publicly agreeing to support the Caribbean requests and overriding the clear wishes of the companies involved in the Latin American industry. Haiti is much more politically sensitive."

"We cannot move the United States on this issue, although they themselves treat agricultural products as a special

case, and they subsidise their own very heavily," said Dame Eugenia. "There appears to be no consideration that US agriculture is as important to the US economy as bananas are important to ours." Dominica's economy is 60 per cent dependent on banana exports.

US officials have refused to comment on claims that the US government has written to London suggesting that Britain reviews and changes its position in support of quotas for European banana imports as from next year when a single European market is created.

Timor Gap seismic work past mid-stage

By William Keeling in Jakarta

OIL COMPANIES working in the Timor Gap have completed more than half their seismic programme agreed earlier this year and the first exploration well is scheduled for December.

Officials of the Australia-Indonesia Joint Authority for the Timor Gap Zone of Co-operation say over 26,000 km (16,000 miles) of seismic work has been completed since 11 contract areas were designated between December 1991 and last February.

The contracts committed companies to six-year exploration programmes worth \$500m, under which they must complete 52,000 km of seismic work and drill 45 exploration wells.

The Timor Gap is an offshore area of about 60,000 sq km between Indonesia and Australia. A dispute between the two countries over rights to the area was resolved by a treaty of co-operation, which came into effect in February 1991.

The first well to be drilled by the Australian subsidiary of

Marathon Oil, a US-based company, on Tuesday that a tender for a drilling vessel would be placed soon and a further four wells were scheduled for next year.

Marathon is leading a consortium of Santos and Korea Petroleum in two contract areas and is committed to a \$76m programme to drill 12 wells and conduct 10,000 km of seismic work. Other companies holding a stake in the contract areas include Shell, BP, Phillips and Enterprise Oil.

The acreage agreements provide for production to be shared equally between the Joint Authority and the contractor, after recovery costs, up to the first 30,000 barrels. The governments of Indonesia and Australia are equal partners in the joint authority.

Industry officials say the Timor Gap is a largely unknown territory for oil exploration. Only one well has previously been drilled in the area, 14 years ago, which found some gas and indicated the presence of hydrocarbons but not in commercial quantities.

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Ecuador's bonanza threatened by EC action

At a time of rising production, European sales are at risk, reports Sarita Kendall

ECUADOR'S BANANA bonanza, which brought in US\$715m last year, is threatened by mounting production and the European Community measures to limit Latin American access to the European market.

Despite growing competition from countries with lower transport costs, such as Colombia and more recently, Venezuela and Mexico, Ecuador more than doubled exports to Germany last year, but producers are extremely worried about future European sales.

"These countries sell us free market policies but don't apply these themselves. We're dismantling our tariffs while they are being protectionist," said economist Mr Luis Luna, under-secretary for foreign trade.

So far, Germany, which has a higher banana consumption level than most other Euro-

pean countries and also provides a channel to the east European countries, has not charged levies on banana imports.

Tariffs and quotas to protect more expensive bananas produced in the former African, Caribbean and Pacific colonies of EC members, would bring a significant reduction in Ecuadorian exports - the price in Germany would rise and demand would drop. It's not just a question of helping us, the producer, it's the banana consumers, too," explained Mr Luna.

Nearly one-third of Ecuador's 2.7m tonnes of banana exports went to Germany, Belgium, Italy and Greece in 1991. Sales to eastern Europe have declined - Yugoslavia was an important market - while there is little prospect of compensating for the drop in earn-

ings from the EC with exports to other parts of the world.

Apart from the EC issue, Ecuador faces the problems of growing international supply and overblown domestic production. The increase in world demand in 1990 and 1991 pushed up prices and encouraged new plantations, which are now coming into production. Although the National Banana Programme (PNB) only gives new growing permits to producers with export contracts and adequate technical back-up (including disease control), over 30,000 hectares (76,000 acres) of unauthorised plantations have sprung up in addition to the 105,000 ha registered under the programme.

Even the bigger, more modern plantations are not as productive as Costa Rica's banana farms. But overall, production costs are lower and Ecuador is

well away from the hurricane zone. Sigatoka disease, which has spread southwards from Esmeraldas to the main growing areas of Guayas, Los Rios and El Oro, is a greater threat than climate.

Producers are critical of official efforts to control sigatoka, and this is one of the main reasons behind the banana lobby's move to privatise the PNB. As the programme is largely financed by contributions from the producers, the government has had to listen, if unenthusiastically. The new government, led by Mr Shiro Duran, due to take office on August 10, is more likely to be responsive to the private sector's proposal.

Exporters are also pressing for a reduction in the export reference price, currently set at US\$4.60 a 43 lb box. Although demand was strong at the

beginning of the year and sales rose to US\$287m in the first four months, exporting companies are now feeling the foreign competition. Ecuador sends some 44 per cent of its bananas to the US - other Latin American producers are also better located for this market. On the other hand, Ecuador has good access to New Zealand, Korea and Japan which, taken together, account for over 10 per cent of exports.

The Ecuadorian government has taken the EC quota problem to the GATT (although it is not yet a member) and is co-ordinating marketing policy with other "dollar area" producers.

Both the trade ministry and president-elect Duran have mentioned the possibility of retaliatory trade measures if EC countries insist on applying restrictions from January 1993.

MARKET REPORT

COFFEE prices recovered some of their recent losses at the London Futures and Options Exchange, but traders said activity remained sluggish in the absence of fundamental news. The September robustas position's \$13 rise to \$772 was "on the back of New York", one explained. Dealers said the potential for further advances was limited because several producing countries were looking to sell at \$10 to \$20 above present levels. The COCOA market also reversed its downturn, with the September position finishing at \$597 a tonne, up \$3 on the day, about in the middle of the

day's trading range. "People are cautious at the moment," said one dealer, commenting on the low level of turnover. "We're waiting for origin news and anything out of the Geneva talks [on the renegotiation of the moribund International Cocoa Agreement]. At the London Metal Exchange most metals reversed their recent downward trends. The exception was TIN, which resumed its downward course that was interrupted on Tuesday. Dealers attributed the \$55 fall that took the cash position below the \$7,000-a-tonne mark to "a negative technical outlook". Compiled from Reuters

London Markets

SPOT MARKETS
Crude oil (per barrel FOB) +0.1
Dated \$18.30-0.35p +0.1
Brent Blend (dip) \$18.15-0.35p +0.05
WTI (1st oil) \$17.40-0.35p +0.1
Oil premium delivery per tonne (CIF) -0.1
Premium Gasoline \$18.15-0.35p +1.5
Gas Oil \$18.15-0.35p +1.5
Heavy Fuel Oil \$18.15-0.35p +1.5
Naphtha \$18.15-0.35p +1.5
Petroleum Argus Estimates

COMMODITIES
Gold (per troy oz) \$311.65 +1.3
Silver (per troy oz) \$396.5 -6.25
Platinum (per troy oz) \$595.25 -4.4
Copper (US Producer) \$118.3 c +1.17
Lead (US Producer) \$77.00 +0.08
Tin (US Producer) \$17,410 +2.0
Zinc (US Prime Western) \$62.00 +0.05
Cattle (live weight) 108.14p +1.00
Sheep (live weight) 75.27p -2.97
Pigs (live weight) 89.44p
London daily sugar (raw) \$269.00 +4
London daily sugar (white) \$266.00 +4
Tate and Lyle export price \$247.00 +2
Barley (English feed) \$111.00
Maize (US No 3 yellow) \$136.50
Wheat (US Hard Northern) \$180.00
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FINANCIAL TIMES STOCK INDICES											
	July 16	July 14	July 13	July 12	July 9	Year Ago	High 1992	Low	Since Completion	High	Low
Government Bonds	98.54	98.50	98.45	98.38	98.72	84.30	85.75	85.11	127.40	43.18	(31/7/75)
Fixed Interest	106.22	106.25	106.15	106.23	106.15	64.77	106.35	97.15	166.38	50.53	(31/7/75)
Ordinary Shares	1899.2	1897.4	1880.3	1878.7	1813.9	1079.6	1847.9	1651.4	2779.7	46.4	(28/6/40)
Gold Mines	98.2	85.7	83.3	84.0	83.8	212.5	150.6	88.5	784.7	48.5	(18/7/83)
FT-SE 100 Share	2486.4	2484.0	2478.3	2480.8	2497.9	2561.0	2737.8	2382.7	2737.0	988.9	(23/7/84)
FT-SE Euroshare 300	1182.0	1142.9	1142.4	1158.17	1158.82	1182.25	1243.79	1120.52	1249.79	838.65	(18/7/81)
•Cont. Div. Yield	4.59	4.48	4.50	4.70	4.78	4.78	8.88	10.04	15.16	10.88	(15/7/81)
•Earning Yld (%)	7.24	7.23	7.08	6.97	7.00	6.82	11.56	10.88	15.16	10.88	(15/7/81)
•P/E Ratio(Nett/c)	17.50	17.80	17.65	16.00	17.53	14.79	14.79	11.56	15.16	10.88	(15/7/81)
SEAO Banks 5.00pm	18,206	18,258	18,487	24,968	20,863	28,782					
Equity Turnover(Cont)	125.4	85.4	88.9	8.98	104.7	17.45					
Equity Bargains	21,121	23,600	25,600	23,386	20,266						
Shares Traded (mt)	47	36.4	37.7	41.5	41.7	50.9					
Ordinary Share Index, Hourly changes				Day's High 1911.2	Day's Low 1894.5						
Open	1910.1	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm		
	1907.7	1906.8	1899.8	1898.9	1897.1	1896.1	1895.9	1897.3			
FT-SE 100, Hourly changes				Day's High 2591.1	Day's Low 2484.4						
Open	2593.3	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm		
	2496.7	2496.4	2489.0	2485.4	2480.3	2487.5	2485.8	2485.8			
FT-SE Euroshare 200, Hourly changes				Day's High 1155.58	Day's Low 1151.23						
Open	1153.99	10.30 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm			
	1154.52	1153.63	1152.31	1152.31	1153.09	1152.51	1152.39				

GILT EDGED ACTIVITY

Indices July 14 July 15

Gilt Edged

Bargains 88.9 81.9

5-Average 86.6 86.2

FX Activity 1974

Excluding intra-market business and Overseas turnover

London report and interest share Index

Int. 0881 123001: Cables changed at 36 mil/pt

1000000: cheap rise, 40 mil/pt at 1000000

at other times.

exposure in south-east England, low earnings growth and expensive rating could hamper recovery.

The move shows European and domestic short haul cabin crew at British Airways have voted for strike action over pay and conditions weakened sentiment in the shares, which declined 5 to 27p.

A profits downgrade from one of the company's brokers left *Ocean Group* 7 higher at 242p. Charterhouse Tilmer shaved its current-year figure by 83m to 244m, and the following year's by 84m to 249M. The broker blamed the cut on "weaker trading in the marine services division".

Speculation in the market that TI Group was about to sell its information technology division to Gray Electronic boosted trade in TI and the shares moved ahead 5 to 226p on high turnover of 44m. Serwentment was also helped by a Smith New Court recommendation. The division was part of Dowty Group, recently taken over by MI.

Wagon Industrial climbed 10 to 436p, with the company's broker Albert E. Sharp reported to have been among the day's leading buyers.

	Financial Times Ltd				
	Jul 1st 14	Jul 1st 13	Fri 1st 12	Year ago (approx)	
net adj. 1992 data	Index	Index	Index	Index	
20.58	762.79	783.82	792.90	813.81	
20.19	889.97	874.61	880.05	875.66	
20.20	732.92	736.47	740.14	727.50	
68.82	734.26	726.78	729.23	725.35	
44.82	140.25	172.71	196.20	170.85	
11.27	35.98	256.19	327.83	407.82	
4.14	478.35	473.41	481.98	492.09	
6.92	296.68	298.04	306.78	336.80	
10.40	337.78	342.26	344.03	338.49	
26.53	1076.04	1059.92	1068.87	1563.03	
24.61	1361.46	1380.05	1386.97	1592.02	
39.30	2059.61	2074.57	2077.20	2070.46	
64.70	1237.30	1233.37	1237.74	1271.29	
46.70	1272.92	1264.91	1258.07	1264.52	
37.19	1180.75	1206.32	1207.90	1261.52	
23.64	1185.75	1191.81	1193.63	1199.26	
27.17	1519.15	1505.63	1515.77	1499.26	

16.96	665.84	675.34	686.79	936.23
14.72	665.16	663.08	688.90	951.11
20.61	1248.58	1243.34	1254.32	1234.67
25.78	1359.03	1359.64	1362.61	1280.37
23.10	1374.08	1381.02	1394.14	1407.37
23.62	1237.26	1216.06	1238.25	1435.22
54.40	2414.53	2425.04	2441.97	2167.15
38.33	1325.53	1312.20	1342.62	1198.96
21.77	1420.20	1408.44	1418.69	1466.35
86.85	2811.95	2808.48	2835.51	2332.02
29.19	2044.95	2040.87	2044.08	2201.02
24.22	1275.15	1274.35	1284.21	1249.14
64.72	1917.75	1906.98	1917.36	2491.88
27.32	1338.14	1336.12	1346.15	1353.73

15.46	473.08	474.83	408.94	534.25
30.14	785.46	783.64	787.67	1161.10
11.25	441.88	443.14	443.00	425.20
19.44	585.09	580.16	593.63	871.66
6.63	240.44	240.30	240.40	257.89
19.26	1133.73	1134.51	1137.82	1209.34
25.23	1189.23	1187.85	1195.10	1219.47
Jul 13	Jul 10	Jul 9	Jul 8	Year avg
2478.3	2490.8	2497.9	2472.6	2561.6

	Wed Jul 15	Tue Jul 16	Year ago (approx.)
seats	8.24	8.27	9.03
"	8.66	8.66	9.26
"	8.68	8.68	9.06
"	9.17	9.17	10.00
seats	8.92	8.91	10.06
"	9.37	9.37	9.99
seats	9.39	9.39	10.44
"	9.06	9.06	10.00
"	9.98	9.97	10.05
"	9.97	8.95	10.08
Up to 5 yrs.	4.01	3.97	4.46
Over 5 yrs.	4.35	4.32	4.37
Up to 5 yrs.	4.22	4.30	4.37
Over 5 yrs.	4.16	4.13	4.37
3 years	10.43	10.44	11.98
15 years	10.19	10.20	11.73
25 years	10.06	10.08	11.51

pm 2487.4; 2.30 pm 2488.5; 2.30 pm 2485.9; and are constant—other changes are amplified in ex. Southwest Pacific, London SEB 99L The listing in these indices. These are available by

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**NOTICE OF APPOINTMENT OF A LIQUIDATOR
VOLUNTARY WINDING UP CREDITORS**

Pursuant to section 109 of the Insolvency Act 1986
Registered Name: TUEPLIPL LIMITED
Company Number: 1324941
Nature of Business: Computer service providers
Address of registered office:
City Rivers & Co 77 Mark Lane LONDON
Type of Liquidation: Creditors
Liquidator:
Raj/L Long and J. Cohen
Tyson & Jones
Shenstone Court, 196 City Road, E.C1Y 2NU
Sutton Hill
Hemel Hempstead
Herts. HP2 4AT
Chris Hobbs Mark 6089 2122
Date of appointment: 28th June 1982
By whom appointed: The Creditors
Date: 28th June 1982

The FT prepares to publish this survey on
November 10 1992.
Should you be interested in acquiring more information about this survey or how to advertise please contact -
In London :
Kirsty Saunders
Tel: 071-873 4923
Fax: 071-873 7428
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Additional copies for marketing and information purposes can be ordered in advance from the office in

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To Holders of

INTERFIRST TEXAS FINANCE, N.V.

Guaranteed Floating Rate Notes due May 1989
(Unconditionally guaranteed as to payment of principal and interest by
IFRB Corporation, successor to Interfirst Corporation)
CUSIP No. 458921 AA 5
Morgan Guaranty Trust Company of New York, as Trustee ("Trustee") under the Indenture

23, 1992 shall be deemed a substantial portion of the amount. Amounts available for unsatisfied claims of persons who have previously surrendered such Notes and a receipt therefore in order to be holders just also provide address (including wire transfer) the Trustee requires to complete Questions should be able to

Morgan
of New York

Corporate
60 Wall St
New York
Attention

NOTE
U.S. STOCK MARKET DATA AND
REALISTIC PRICES
★ BONDS ★ FX AND NEWS ★
— FRANKFURT 49-69-639125

[illegible]

To Holders of
FIRST TEXAS FINANCE, N.V.
Fixed Floating Rate Notes due May 1989
guaranteed as to payment of principal and interest by
the issuer, successor to InterFirst Corporation)
CUSIP No. 458024 AA 5
Company of New York, as Trustee ("Trustee") under the Indenture

and entitled to no distributions or other payments. A subscription on each such Note and coupon is available for distribution, and Notes and coupons will be reallocated among the holders of such Notes and coupons. All holders of Notes and coupons must appear to one of the paying agents for cancellation and issuance of a new Note or coupon.

For registration information, such as name, mailing address, payment instructions, or for instructions, if checked, and such other forms or information as may be required by applicable tax laws, please send to the Trustee at the following address:

Parantrim Trust Company
c/o Trustee
Trust Administration
c/o Trustee
NY 10260-0060

Mr. Patrick J. Crowley, Vice President
Telephone: (212) 648-9001
Fax: (212) 648-5111

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LONDON SHARE SERVICE

AMERICANS

Notes	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593</
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LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Investment Trust	Price	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

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1:00 pm prices July 15

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

[illegible]

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4:00 am prices July 15

Stock	Div.	Yr. High	Low	Last	Chng.
Stetco B	0.58	2	13	512	8 1/2
Stetco B	1	8	47	21 1/2	2 1/4
Stetco B	1	12	8	47	21 1/2
Sequent		8	20 1/2	15	14 1/2
Sequent		6	16 50	6	45 1/2
Sequent		13	24 50	8	74
Sequent		10	38 1/2	2	21 1/2
Sequent		5	11 10	12	10 1/2
Shand	0.84	18	833	18 1/2	18 1/2
Shand		10	162 1/2	7 1/2	7 1/2
Shand		14	29	7 1/2	7 1/2
Shand		10	46 1/2	20	23 1/2
Shand		25	83 1/2	14 1/2	14 1/2
Shand		7	16 67	7 1/2	6 1/2
Shand	0.25	22	40 1/2	49 1/2	49 1/2
Shand		4	36	5	4 1/2
Shand	0.05	5	22 1/2	49 1/2	49 1/2
Shand		6	46 1/2	4	4
Shand	0.35	23	117 1/2	17 1/2	17 1/2
Shand		11	68 1/2	14	14 1/2
Shand	1.06	11	48 1/2	58	58 1/2
Shand	1.30	2	34 1/2	13	13
Shand		9	18 1/2	8 1/2	8 1/2
Shand		2	47 1/2	3 1/2	3 1/2
Shand	1.00	18	53 1/2	41 1/2	42 1/2
Shand	3.30	7	68	34 1/2	35 1/2
Shand	0.78	11	60 1/2	27	26 1/2
Shand	0.35	35	77	11 1/2	11 1/2
Shand	0	10	17	67 1/2	30 1/2
Shand	0.40	9	28 1/2	25 1/2	25 1/2
Shand	0.05	25	25 1/2	20 1/2	20 1/2
Shand	1.04	14	27 1/2	32 1/2	32 1/2
Shand	0.4	23	23 1/2	37 1/2	37 1/2
Shand	58	22	72 1/2	11 1/2	12
Shand	0.12	10	48	16 1/2	16 1/2
Shand	0	08	17	30 1/2	32 1/2
Shand	0.20	5	42 1/2	7 1/2	7 1/2
Shand	0	10	76	16 1/2	16 1/2
Shand	1.07	16	6	23	23
Shand	23	23 1/2	18 1/2	18 1/2	18 1/2
Shand	0.05	49	24 1/2	36 1/2	36 1/2
Shand	0.06	67	180	15	15 1/2
Shand	42	136	18 1/2	47 1/2	47 1/2
Shand	1.00	5	10	25	25 1/2
Shand	0.60	15	115	17	18 1/2
Shand		466	374 1/2	27 1/2	27 1/2
Shand	13	15	5 1/2	6 1/2	6 1/2
Shand	14	70 1/2	27 1/2	28	28 1/2
Shand	15	70 1/2	30	31 1/2	31 1/2
Shand	0.48	25	33 1/2	37 1/2	38 1/2
Shand	0.11	51	181 1/2	34 1/2	34 1/2
Shand	18	307	11 1/2	17 1/2	17 1/2
Shand	82	195 1/2	26 1/2	26 1/2	26 1/2
Shand	42	370 1/2	32	32 1/2	32 1/2
Shand	0.44	21	22	25 1/2	25 1/2
Shand	6	100	15	15 1/2	15 1/2
Shand	217	207	56	52 1/2	54 1/2
Shand	99	205	37	36 1/2	37 1/2
Shand	29	430 1/2	32	32	32 1/2
Shand	0.18	21	149 1/2	29	29 1/2
Shand	23	340	7 1/2	7 1/2	7 1/2
Shand	37	59 1/2	4 1/2	4 1/2	4 1/2

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Tru	6	853	3 1/2	3 1/2	
Tru		542	8 1/2	8 1/2	
Tru	0.70	20	407	41 1/2	41 1/2
Tru		181 1/2	23 1/2	20 1/2	23 1/2
Tru		1	507	1 1/2	1 1/2
Tru		18	242 1/2	17 1/2	17 1/2
Tru	0.34	48	108 1/2	22 1/2	25 1/2
Tru		16	37 1/2	10	10 1/2
Tru	1.60	12	23	61	68 1/2
Tru		12	30	11 1/2	10 1/2
Tru		7	27 1/2	6 1/2	6 1/2
Tru		74 1/2	16 1/2	12 1/2	20 1/2
Tru		4	51 1/2	7 1/2	7 1/2
Tru		22	77	18 1/2	18 1/2
Tru	0.01	19	127 1/2	23 1/2	22 1/2
Tru		11	39 1/2	6 1/2	6 1/2
Tru		98	17 1/2	9 1/2	10
Tru	0.42	47	71 1/2	24	23
Tru		58	15 1/2	30	31
Tru	0.25	23	1 41 1/2	41	40 1/2
Tru		18	32 1/2	6 1/2	5 1/2
Tru	0.28	15	187 1/2	16	17 1/2
Tru		12	45 1/2	5 1/2	5 1/2
Tru		12	100	18 1/2	18 1/2
Tru	0.72	9	29 1/2	28 1/2	28 1/2
Tru		11	24 1/2	6 1/2	6 1/2
Tru		18	16 1/2	8 1/2	8 1/2
Tru	1.00	11	17	35 1/2	35 1/2
Tru		22	49 1/2	12 1/2	12 1/2
Tru	0.04	10	62 1/2	16 1/2	16 1/2

- U -

US Int	0.56	24	10332	57	58	55 1/2
Unilever		367	903	6 1/2	5 1/2	5 1/2
Unilever	0.86	14	472	18 1/2	18	18 1/2
Unilever	1.72	14	108	18 1/2	40 1/2	50
Unilever	0.40	18	1152	13 1/2	12 1/2	13
Unilever	1.06	12	431	17 1/2	16 1/2	16 1/2
Unilever	0.70	13	184	36 1/2	34 1/2	34 1/2
Unilever	0.15	18	22	25 1/2	24 1/2	24 1/2
Unilever	8	84	3 1/2	43	3 1/2	4
Unilever	0.32	13	47	9 1/2	8 1/2	8 1/2
Unilever	18	6200	18 1/2	13	12 1/2	12 1/2
Unilever	58	18	27	25 1/2	26 1/2	26 1/2
Unilever	14	137	6 1/2	6 1/2	6 1/2	6 1/2

- V -

Valeant	286	897	51 1/2	51 1/2	51 1/2	51 1/2
Valeant	0.28	17	57	12 1/2	11 1/2	12 1/2
Valeant	18	158	24 1/2	24 1/2	24 1/2	24 1/2
Valeant	24	501	21	20 1/2	21	21
Valeant	33	2480	20 1/2	18 1/2	19	19 1/2
Valeant	20	690	18 1/2	18 1/2	18 1/2	18 1/2
Valeant	12	3587	7 1/2	6 1/2	6 1/2	6 1/2
Valeant	2.25	57	113	60 1/2	67	66 1/2

17	23	32 $\frac{1}{4}$	31 $\frac{1}{4}$	32	
201	523	2 $\frac{1}{2}$	2 $\frac{1}{2}$	2 $\frac{1}{2}$	+1 $\frac{1}{2}$
8	2021	205	261	205	-1

Allegory	1.40	20	680	22 1/2	21 1/2	22 1/2	+4
Allegory	0.80	10	820	24	24	26 1/2	+4
Allegory	0.28	18	14	48 1/2	47	49 1/2	0
Allegory	0.54	18	101	42 1/2	42 1/2	42 1/2	-1
Allegory	1.40	20	17	17 1/2	42	38 1/2	+40
Allegory	2	4018	2	17 1/2	42 1/2	2 1/2	0
Allegory	1.04	13	260	42 1/2	41	41 1/2	-1 1/2
Allegory	19	1570	16 1/2	18 1/2	18 1/2	18 1/2	0
Allegory	57	478	51	49 1/2	51	51	0
Allegory	0.32	9	20	16 1/2	16	16	0
Allegory	27	232	19	31	27 1/2	27 1/2	+1 1/2
Allegory	0.68	12	519	29 1/2	29 1/2	29 1/2	0
Allegory	1.45	206	41 1/2	4 1/2	4 1/2	4 1/2	-1 1/2
Allegory	1.68	25	9425	30	15 1/2	35	-10
Allegory	200	71	10 1/2	9 1/2	10	10	-1 1/2
Allegory	0.40	60	1312	16 1/2	15 1/2	16 1/2	+1 1/2
Allegory	0.28	15	105	20 1/2	19 1/2	20 1/2	0
Allegory	6	10	4 1/2	5	5	5	0
Allegory	0.48	24	134	23 1/2	23 1/2	23 1/2	+1 1/2
Allegory	0.11	1	4548	1 1/2	1 1/2	1 1/2	0
Allegory	0.40	9	185	4 1/2	4 1/2	4 1/2	0

	- X -	Y -	Z -
Allegory	24	4378	35 1/2
Allegory	8	729	13 1/2
Allegory	0.94	20	832
Allegory	5	1338	5
Allegory	1.44	11	90

Allegory	24	4378	35 1/2	21 1/2	22	+4
Allegory	8	729	13 1/2	13	13 1/2	+1 1/2
Allegory	0.94	20	832	25 1/2	24 1/2	-1 1/2
Allegory	5	1338	5	4 1/2	4 1/2	0
Allegory	1.44	11	90	55 1/2	54 1/2	+1 1/2

AEROSPACE

The FT proposes to publish this survey on September 3 1992. The FT is read regularly by 97% of professional investors in Europe responsible for the aerospace, aircraft and airlines sectors. This is more than any other publication.*
If you want to reach

*Data source: Professional
Investment Community Worldwide
MPG 91-92*

AMERICA

Dow eases on setback in industrial production

Wall Street

US SHARE prices finished on an easier note yesterday in the wake of some mixed corporate earnings reports and news of the first decline in industrial production for five months, writes Patrick Harverson in New York.

At the close the Dow Jones Industrial Average was down 12.97 at 3,345.42, having spent the entire day in negative territory. The Standard & Poor's 500 eased 0.58 to 417.10, although the American SE composite managed to post a slight gain of 0.79 at 386.87, while the Nasdaq composite edged up 0.26 to 575.47. Turnover on the New York SE came to 205m shares.

The morning's news of a 0.3 per cent dip in June industrial production, the first fall in the indicator since January, and a 0.4 percentage-point decline in capacity utilisation, provoked only a modestly negative reaction from investors. Although the figures confirmed that the economic recovery has been extremely sluggish, the very weak June employment report released almost two weeks ago had prepared the market to expect lower output numbers.

Second-quarter earnings continued to provide some direction for individual stocks. AMR, parent of American Airlines, rose 1 1/4% to \$65 1/2 in active trading in spite of reporting a net loss for the three months of \$166m. If write-offs related to a computer project and the settlement of a class-action lawsuit are excluded, the carrier's underlying operating earnings were stronger than expectations.

The news from AMR lifted other big airline stocks. Delta advanced 1 1/4% to \$66 1/2, UAL 3/4% to \$116 1/2 and USAir 5/8% to \$13 1/2.

Although American Home Products reported record second quarter earnings of \$286.1m (up 12 per cent from a year ago), the drug group's shares fell 2 1/4% to \$72 1/2. Investors were disappointed by the earnings per share.

TRW moved ahead 1 1/4% to \$66 1/2 on news of second quarter net income of 96 cents a share, more than double last year's 39 cents a share, although that included a big charge.

Motorola climbed 3/4% to \$82 1/2 after the company revealed, late on Tuesday, second quarter earnings of \$146m, up from

\$119m a year earlier. Cigna lost 1 1/4% to \$54 1/2 after the insurance giant warned that its April-June profits would fall below the \$1.25 a share forecast by industry analysts.

On the Nasdaq market, Sunrise Technologies jumped 1 1/4% to \$8 1/2 after stating that the US Food and Drug Administration had cleared Sunrise's holmium laser system for marketing in the treatment of glaucoma.

Herbalife fell 3/4% to \$7 1/2 on a report that two senior executives at the company have cut their holdings in Herbalife by more than \$2m since late May.

Canada

TORONTO closed modestly firmer after active trading. The TSX 300 index put on 8.9 to 3,472.0, while rises outscored declines by 293 to 243. Volume totalled 30.4m shares, valued at C\$354.5m.

Nine of the 14 sub-groups closed higher. Golds climbed a further 2.34 per cent. Two of the sub-group's most heavily weighted stocks, American Barrick and Placer Dome, were up C\$3 1/2 to C\$34 1/2 and C\$3 1/2 to C\$13 1/2 respectively.

Brazil recovers most of its June decline

Antonia Sharpe picks out winners and losers among the world's emerging markets

Allegations of corruption against President Fernando Collor prompted a 30.7 per cent fall in Brazilian equities in dollar terms last month, but most of the losses have since been recouped as the passing of some important economic reforms has lifted investor confidence.

According to emerging markets data provided by the IFC, part of the World Bank, Brazil was the poorest performer in June, while Turkey came out on top after several months of decline.

Mr Eduardo Farria, an analyst at Latin American Securities, says the Brazilian press was "besotted" with the allegations against the president in June, and that the Congress's passing of a reform to streamline the country's ports, and the approval of a complex review of civil servants' pay by the Senate, had been overlooked by the market.

He adds that since the government pushed through these economic reforms, no easy task in the midst of a presidential crisis, the market has become cautiously optimistic that the government's fiscal package could be passed by Congress.

This could set the scene for inflation to come down.

Another stimulus for the market in early July was news that Brazil and its foreign creditor banks had reached agreement on a Brady-style restructuring of some \$44bn of commercial bank debt.

This was another feather in the cap for Mr Marcellio Marques Moreira, the economy minister, who is increasingly seen as a figure of stability within the government. Indeed, since the start of July, the Bovespa index in dollar terms has risen by 1.64, or 38.2 per cent, to 7.46.

Mr Farria warns that share prices could fall back if any evidence implicating the president is produced. "But the most likely scenario is that the president will stay," he says.

Elsewhere, Turkey's 27.8 per cent rebound in dollar terms last month, reducing its fall since the start of the year to 35.1 per cent, has fanned analysts' hopes that a turnaround has finally begun.

Investors reacted positively to changes, passed last month, in the capital market law, permitting institutional investors to invest in the stock market.

IFC EMERGING MARKETS PRICE INDICES									
Market	No. of stocks	Dollar terms		% Change	on Dec '91	Local currency terms		% Change	on Dec '91
		Jun 30 1992	% Change over month			Jun 30 1992	% Change over month		
Latin America	(29)	1,308.43	-22.8	+1.9		71,861.488	-22.8	+1.1	
Argentina	(69)	106.18	-30.7	+1.2		111,978.077	-16.2	+22.0	
Brazil	(35)	2,051.78	+2.0	+33.0		6,519.27	+2.2	+23.6	
Chile	(20)	1,040.96	+15.1	+29.1		6,587.93	+16.8	+33.9	
Colombia	(69)	1,519.43	-14.2	+4.8		24,534.92	-13.8	+6.0	
Mexico	(17)	530.12	-0.7	-21.6		4,612.77	+0.5	-15.8	
Venezuela	(31)	218.54	-0.8	-23.6		208.83	0.0	-20.4	
East Asia	(30)	2,100.39	+14.7	+46.1		2,636.11	+11.6	+38.6	
South Korea	(70)	608.28	+0.4	-3.4		375.49	-0.7	-7.7	
Philippines	(62)	378.88	+4.0	+36.9		981.98	+4.8	+51.0	
Malaysia	(63)	98.86	+4.1	+25.3		78.94	+4.3	+28.3	
Indonesia	(62)	168.87	+1.5	+18.2		172.42	+1.3	+7.0	
Pakistan	(58)	302.28	+6.5	-5.3		491.80	+6.7	-3.8	
Thailand	(51)	347.88	+8.8	+9.7		324.21	+9.1	+10.8	
South Asia	(32)	404.08	+11.1	-2.4		583.94	+7.2	-3.4	
Greece	(27)	102.39	+2.3	+8.5		178.50	+1.3	+4.1	
Jordan	(30)	425.52	+1.0	-0.9		348.67	-3.4	-8.6	
Portugal	(25)	51.77	+2.8	-39.1		484.59	+2.7	-17.8	
Turkey	(25)	51.77	+2.8	-39.1		484.59	+2.7	-17.8	

Source: International Finance Corporation. Base date: Dec 1991 = 100. 'Dec 1989 = 100. 'Jan 1988 = 100. 'Dec 1985 = 100.

Tax breaks have also been offered to mutual funds if they place 25 per cent of their portfolio in equities. The prospect of a big cash injection has been welcomed by brokers since, in the past, trading in the stock market has been shallow and influenced by

the whims of retail investors. A fall in inflation, and the low valuations of Turkish equities compared with other emerging markets, especially in Latin America, have attracted foreign investors, comments Mr Nur Agis Pekin at Schroder Securities.

Mr Ben Hakham, at Carnegie International, also attributes the stock market's rebound in June to seasonal factors, as the arrival of tourists has taken pressure off the Turkish lira, which in turn has allowed the Treasury to reduce the yields on its bills.

EUROPE

Bundesbank casts shadow over continental equities

TODAY'S Bundesbank meeting is to be followed by a press conference, which implies there is something to discuss in Frankfurt. This keeps investors on edge, writes Patrick Harverson in New York.

FRANKFURT slowed to a crawl: a Bundesbank board member repeated the official exhortation that M3 growth was too high, and the DAX index retreated to close 0.52 higher at 1,734.82, after a 0.81 rise to 1,871.13 in the FAZ at mid-session. Turnover fell from DM4.2bn to DM3.9bn.

Retailers improved after a first half increase of 8.7 per cent in sales from Karstadt, which also said that it saw the first signs of improving consumer sentiment in June. Karstadt rose DM10.50 to DM45.50. Kaufhof to DM5.50 to DM51.50 and Douglas to DM25 to DM57.0.

Mr Adrian Hopkinson at County NatWest said that investors were looking at higher German consumer spending power in the second half of this year; aware that the fall in the dollar emphasises this point; and more comfortable with domestically oriented stocks as the cyclical, which make up the great bulk of the German market, come into question.

Among special situations, the tyre maker, Continental, dropped DM6 or 3 per cent to DM255.80 after a German court of appeals effectively upheld Conti's 5 per cent limit on shareholder voting rights.

PARIS resumed trading after a four-day weekend and followed the bond market lower in dull trading. The CAC 40 index fell 6.18 to 1,853.26 in turnover of FF1.5bn.

Hachette, the debt-laden French media group which plans to merge with the defence group, Matra, was one of the day's more prominent losers, dropping FF8 or 6.8 per

FT-SE Eurotrack 100 - Jul 15									
Open	10.30am	11am	12pm	1pm	2pm	3pm	close	Day's High	Day's Low
1124.73	1124.85	1124.20	1123.56	1123.72	1123.58	1123.95	1122.53	1124.97	1121.98
Jul 14	Jul 13	Jul 12	Jul 11	Jul 10	Jul 9	Jul 8			
1124.22	1121.63	1122.14	1122.17	1121.53					

Base value 1000 (28/10/90).

cent to FF109. Dealers attributed the sharp fall to mounting speculation that the stock will be removed from the CAC 40 index by the end of the year. Euro Disney fell FF2.80 to FF103 on rumours of disappointing hotel occupancy.

MILAN recovered some of its opening losses but closed the July trading account lower as industrial sales under selling pressure after Tuesday's gains. The Comit index fell 2.58 to 445.42 in turnover estimated at more than Tuesday's L\$5.4bn.

Flat dipped L49 to L5311 and fell to L5,160 after hours. Stocks controlled by Mr Carlo De Benedetti were also weaker, with Olivetti dropping L55 to L3,010.

Among telecoms, Stet fell L17 to L1,620 but Italcable remained firm after the company's upbeat presentation on Monday, adding L50 to L4,660.

ZURICH softened its opening and hardened its share prices. The SMI index rose 9.3 to 1,844.4 as expectations receded that the Bundesbank would tighten its credit policy; and bearers in the temporary employment group, Adia, under strong pressure recently on a poor view of 1992, topped the active list as it recovered SF14 to SF230. Dealers said that speculators appeared to be playing the share, making it very volatile.

MADRID tumbled, driven sharply lower by concern over yesterday's 40.4 per cent increase in the January to June budget deficit. The gen-

eral index fell 3.47 to 231.07. There were continued heavy falls, some of 10 per cent or more in the construction sector, an obvious victim of budget cuts, but dealers noted that the losses hit banking, and the traditional safe haven of utilities, as well.

AMSTERDAM was quietly firmer as the CBS Tendency index added 0.5 to 122. BRUSSELS ended mostly higher in light trading as investors awaited signals on European interest rates from the Bundesbank. The Bel-20 index rose 6.67 to 1,171.86 in slim turnover of BF478m.

More than a quarter of turnover was accounted for by Petrofina, which rose BF25 to BF11,000.

OSLO jumped 2 per cent from a 1992 low, buoyed by foreign buying of Norsk Hydro and Hafsund Nycomed. The all-share rose 7.68 to 391.99 in turnover of Nkr235m. HELSINKI hit its second consecutive 1992 low, the Hex index falling 6.0 to 728.4.

VIENNA fell to new 1992 lows ahead of today's Bundesbank council meeting. The ATX index fell 3.75 to its second consecutive record closing low of 890.11.

TEL AVIV rose sharply for the second consecutive day in very high turnover. Declarations that Israel would get US loan guarantees, and the reaction to a mild 0.1 per cent consumer price index rise in June left the blue chip index 2.61, or 1.7 per cent higher at in turnover of Shk163.

ASIA PACIFIC

Nikkei stays ahead despite late fall in bonds

Tokyo

WHILE A late fall in bond prices prompted afternoon selling, the Nikkei managed to stay ahead on foreign and institutional buying, writes Emilia Terazono in Tokyo.

The index gained a net 52.29 at 17,116.92. It opened at the day's low of 17,092.13, and registered a high of 17,274.49 in the afternoon on the back of a higher futures market.

Volume rose to 240m shares from 208m. Gains led declines by 533 to 347, with 215 issues unchanged, while the Topix index of all first section shares put on 4.28 to 1,395.84. In London the ISE/Nikkei 50 index firmed 1.86 to 1,026.43.

Most traders have been heartened by the Nikkei's reluctance to fall below 17,000. Mr Nick Cant at Baring Securities said: "One feature of the market is that it does not feel as if it wants to go down." He added that foreign demand for leading blue chips and buying orders by domestic institutions at lower levels was providing underlying support.

However, in the next few months traders do fear a spate of downward revisions for earnings forecasts for the first six months of the fiscal year.

Meiji Milk Products was the day's most active issue, climbing Y22 to Y955. KOA, in electronics, advanced Y9 to Y983 on hopes of a rise in demand on the back of a US recovery. Other electronic parts makers also gained ground on the US recovery theme, with TEAC adding Y30 to Y991 and Advantest Y10 to Y2,450.

Horiba, the leading maker of automotive emission analysers, surged Y280 to Y2,300 on reports that the US govern-

ment intended to implement tighter rules on car emissions. Horiba has a dominant share in auto emission analysers in Japan and the US.

Nippon Credit Bank received Y150 to Y530. The bank has remained under small-lot selling pressure due to concern about troubled loans at its financial affiliates. Nippon Credit Bank denied reports of huge outstanding debt, and said restructuring of the companies was progressing smoothly.

In Osaka, the OSE average appreciated 75.54 to 19,611.35 in volume of 14.5m shares.

Roundup

FIRMER markets in the US and Japan made a limited impression in the Pacific Basin

region. Bangkok was closed for a holiday.

AUSTRALIA was depressed about prospects for its own economy, and although golds went up on the higher bullion price, and banks bounced after a weak morning, the All Ordinaries index ended 2.1 easier at 1,636.7 in turnover of A\$254.3m.

Among banks, ANZ gained 3 cents to A\$3.75 after falling to A\$3.66 earlier. However, St George slipped 10 cents to A\$5.95 on talk of a rights issue.

One stock affected by expectations of slower earnings growth was Coca-Cola Amatil, which closed 3 cents down at A\$6.97, moving below A\$7 for the first time since March 1991.

SINGAPORE saw bank and marine issues fall on poor sentiment and the liquidation of positions. The only bright spot

was the listing of property company Liang Court Holdings, which finished 10 cents above the offer price of 70 cents after brisk volume. The Straits Times Industrial index shed 2.63 to 1,481.15 in volume of 70.61m shares, including 30.75m of Liang Court.

KUALA LUMPUR encountered profit-taking and the composite index fell 5.58 to 612.36. Malaysia Public Finance, which was listed yesterday, closed at M\$2.24 against the issue price of M\$2. It was the day's most active stock with 13m shares traded.

SEOUL went into reverse again after Tuesday's gains, with rumours of another financial scandal persisting. The composite stock index weakened 12.89 to 514.19. Turnover amounted to Won148.37bn.

HONG KONG advanced as funds and retail investors switched to selected second-liners. The Hang Seng index closed 28.27 up at HK\$3,416. Turnover eased to HK\$3.41bn from HK\$3.74bn.

China-owned Hai Hong Holdings, which made its debut, closed at HK\$4.23 compared with an issue price of HK\$4.50. TAIWAN saw a technical rebound and the index ended 44.82, or 1 per cent, higher at 3,352.51. Turnover remained thin at T\$19.35bn.

BOMBAY brokers resumed trading, ending a month-long boycott in protest against the seizure of shares in connection with a securities scandal.

Share prices fell broadly, the BSE index finishing 167.62, or 5.5 per cent, down at 2,912.92. ACC lost Rp100 to Rp4,800.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

WEDNESDAY JULY 15 1992									
NATIONAL AND REGIONAL MARKETS	Figures in parentheses show number of lines of stock	US Dollar Index	Days' Change %	Pound Index	Yen Index	DM Index	Local Currency Index	Local Div. Yield	Sterling Index
Australia (69)	144.21	-0.8	111.04	113.99	110.78	128.91	-0.2	4.23	148.09
Austria (19)	165.90	+0.3	127.74	131.14	127.44	127.56	-0.1	2.59	166.43
Belgium (42)	150.37	+1.1	115.78	118.85	115.50	112.91	+0.4	5.45	148.80
Canada (115)	128.80	+0.5	99.84	102.80	99.70	112.13	+0.5	3.17	128.15
Denmark (85)	241.30	+1.4	150.15	155.26	150.76	191.16	+0.6	1.84	245.04
Finland (15)	77.52	+0.9	59.69	61.28	59.55	65.23	+0.4	2.14	78.86
France (104)	164.38	+0.4	126.56	129.94	126.27	128.74	-0.3	3.83	163.81
Germany (63)	128.25	+1.0	99.52	102.18	99.28	99.28	+0.2	2.32	127.95
Hong Kong (54)	257.99	+0.4	158.64	203.92	198.18	255.11	+0.4	3.18	286.96
Ireland (16)	168.02	+2.7	127.83	131.23	127.53	129.71	+0.9	4.18	161.85
Italy (78)	66.45	-0.4	53.47	54.89	53.34	58.30	-0.9	3.58	69.72
Japan (473)	102.15	+0.3	78.65	80.74	78.47	80.74	+0.4	1.05	101.79
Malaysia (68)	248.16	-0.9	161.07	166.15	160.61	238.79	-0.9	2.63	255.47
Mexico (118)	437.74	-0.2	110.07	113.68	110.40	120.65	-0.1	1.22	140.78
Netherlands (23)	167.18	+1.1	126.73	132.15	128.42	127.16	+0.3	4.41	165.34
New Zealand (14)	47.61	-0.3	36.68	37.64	36.57	46.25	+0.0	4.91	47.74
Norway (23)	173.98	+2.6	133.96	137.23	135.55	137.20	+2.0	1.84	169.84
Singapore (24)	217.98	-1.1	167.78	172.23	167.36	161.75	-1.1	2.05	220.23
South Africa (61)	205.06	+1.9	157.89	162.09	157.51	173.55	+0.9	2.88	201.23
Spain (48)	149.48	-1.2	115.08	118.15	114.81	106.83	-1.4	5.50	161.29
Sweden (29)	195.02	+0.8	150.18	154.18	143.81	154.82	+0.1	2.53	194.32
Switzerland (58)	111.30	+1.4	87.16	88.40	85.97	93.76	+0.2	2.71	123.39
United Kingdom (228)	190.75	+0.8	146.87	150.77	145.51	146.37	+0.2	5.05	189.22
USA (622)	169.84	-0.2	130.82	134.10	130.32	169.64	-0.2	2.95	169.97
Europe (791)	154.69	+0.7	119.11	122.28	118.83	118.61	+0.0	4.04	153.99
Nordic (102)	181.52	+0.9	139.76	143.48	139.43	137.50	+0.3	2.26	179.82
Pacific Basin (717)	108.71	+0.3	83.70	85.93	83.51	87.28	+0.3	1.41	108.4